

LAWS  
REGULATING THE INVESTMENT OF  
BANK FUNDS.

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BY  
MONTGOMERY ROLLINS.

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# LAWS

REGULATING THE INVESTMENT OF

# BANK FUNDS

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A Compilation of the Laws of various States in the Union restricting the investment of funds of the banks, trust, safe deposit companies, etc., and so arranged and bound that changes in the same can be inserted from time to time.

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ELEVENTH EDITION.

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COMPILED BY  
MONTGOMERY ROLLINS

*Also Author of*

Convertible Securities

Money and Investments

Cipher Code, Banker's Edition

Tables of Bond Values, Interest Payable Annually

Tables of Bond Values, Interest Payable Quarterly

Tables of Bond Values, Interest Payable Semi-Annually

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## NOTICE TO SUBSCRIBERS.

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It is imperative that the investment banker of to-day keeps in close touch with the laws governing the investments of banks and trust company funds in the several states. A book giving this information, unless strictly up to date, is practically of little use. It has been the idea, in using detachable leaves, to have this book correct at all times, and every effort is made so to do, but, of course, the difficulty in obtaining correct data from officials, when asked for, makes it impossible to guarantee its infallibility. A list of subscribers is retained, and, after a State makes any change in its laws relative to bank investments, it is intended to forward to the subscribers leaves covering the same, to replace the old matter. A nominal charge of fifty cents is made for each new law, and the subscribers who do not wish to receive such from time to time will kindly notify the publisher.

It will be observed that this book has a side index, making it possible to turn to any State quickly, and the law in each State is so arranged that the desired information can be obtained almost instantly. The matter relating to railroad bonds is printed in green; municipal bonds in red; street railway bonds in brown and all other matter in black, making it necessary to read only that portion of the law which bears directly upon the subject sought.







Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## CALIFORNIA.

Corrected to April 21, 1911.

## SAVINGS BANKS.

## CHAP. 76.

SEC. 34. No Bk. shall purchase or invest its capital or money of its depositors, or any part of either, in the shares of its own capital stock; nor loan its capital or the money of its depositors, or any part of either, on the shares of its own capital stock, unless such purchase or loan shall be necessary to prevent loss on debts previously contracted in good faith.

Stock thus purchased or carried shall, within 6 mos. from the time of its purchase, be sold or disposed of at public or private sale.

SEC. 35. No director, or officer, or employee, or controlling stockholder of any Bk. shall, directly or indirectly, for himself or as the partner or agent of others, sell or transfer, or cause to be sold or transferred to the Bk. of which he is a director, officer, employee, or controlling stockholder, any mtg. on real estate or contract arising from the sale of real estate made by any corporation or syndicate in which such director or officer, or employee, or controlling stockholder is personally or financially interested, without the consent in writing of the Supt. of Bks.

SEC. 36. No Bk. receiving deposits of money shall purchase, agree to purchase, underwrite or guarantee any bond issue in excess of 5% of its assets, **except bonds of the U. S., of the State of Cali., of the cities, cities and counties, counties or sch. dists. of this state.**

SEC. 37. No Bk. shall purchase, or invest its capital or money of its depositors, or any part of either, in shares of corporations, unless such purchase shall be necessary to

prevent loss on debts previously contracted in good faith, and stock thus purchased or carried shall, within 6 mos. from the time of its purchase, be sold or disposed of at public or private sale, unless permission to hold said stock for a longer period shall be obtained from the Supt. of Bks.

SEC. 44. No Bk. shall hereafter make a loan secured by the stock of another Bk., if by making such loan the total stock of such other Bk. held by such loaning Bk. as collateral will exceed in the aggregate 10% of the capital stock of such other Bk.; PROVIDED that no loan upon the capital stock of any Bk. shall be made unless such Bk. has been in existence for 2 or more years and has earned and paid a dividend upon its capital stock.

SEC. 46. No Bk. shall invest or loan more than 5% of its assets in any one bond issue, except bonds of the U. S., of the State of Cali., of the counties, cities and counties, cities or sch. dists. of this state.

#### CHAP. 494.

SEC. 61. Sav. Bks. may purchase, hold and convey real estate and personal property as follows:

1. The lot and building in which the business of the Bk. is carried on; such lot and building shall not cost the Sav. Bk. an amount exceeding its capital and surplus; and the authority of a  $\frac{2}{3}$  vote of a full board of directors shall be necessary to authorize the purchase or construction thereof.

2. Such as may have been mortgaged, pledged, or conveyed to it in trust for its benefit in good faith, for money loaned in pursuance of the regular business of the corporation.

3. Such as may have been purchased at sales under pledges, mortgages or deeds of trust made for its benefit for money so loaned, and such as may be conveyed to it by borrowers in satisfaction and discharge of loans made thereon.

No Sav. Bk. shall purchase, hold, or con-



vey real estate in any other case or for any other purpose; and all real estate described in Subdiv. 3 of this Sec. must be sold by the Bk. within 10 yrs. after the title thereto is vested in it by purchase or otherwise, unless permission to hold said real estate for a longer period be given by the Supt. of Bks. in writing. Parcels of real estate not sold within 10 yrs., or extension of said period as above provided, may be purchased by any persons or parties wanting them, at the price to be determined by arbitration of 3 persons appointed by the superior court as appraisers, at the request of the would-be purchasers.

No Sav. Bk. shall purchase, own, or sell personal property, except such as may be requisite for its immediate accommodation for the convenient transaction of its business, and mortgages on real estate, bonds, securities or evidences of debt, public or private, gold and silver bullion and U. S. mint certificates of ascertained value, and evidences of debt issued by the U. S.

No Sav. Bk. shall purchase, hold or convey bonds, securities or evidences of debt, public or private, except as follows:

(a) Bonds or interest-bearing notes or obligations of the U. S., or those for which the faith of the U. S. is pledged for the payment of interest and principal.

(b) Bonds of this state.

(c) Bonds of any state in the U. S. that have not, within 5 yrs. previous to making such investment by such Bk., defaulted in the payment of any part of either principal or interest thereof.

(d) Bonds of any city, county, city and county, town, township, or sch. dist. of this state; bonds of the permanent road division in any county issued in pursuance of the provisions of part 3, title 6, art. 9 of the Political Code; bonds issued by irrigation dists. which are permitted to be invested in as provided for in an act of the 39th session of the Leg. entitled "An act relating to the bonds of irrigation dists., providing under what circumstances such bonds may become legal in-

vestments for the funds of Bks., banking associations, Tr. Co's, Ins. Co's, and for the state school funds, and providing that such bonds may be deposited as security, and providing for a commission for approving such bonds, for a report thereon, for the filing of such report and for the registration of such bonds in the office of the state controller." Approved Mar. 9, 1911; bonds of any sewer dist., drainage dist., protection dist., or sanitary dist., in any county in this state; provided that the total amount of bonds of any sewer dist., drainage dist., protection dist., or sanitary dist. so issued shall not exceed 15% of the taxable property of said dist. as shown by the last equalized assessment book of the county.

(e) Bonds of any city, town or county which has in each case, at the time of the investment, more than 20,000 inhabitants, as ascertained by the U. S. or state census made next preceding such investment, in any of the states of the U. S., other than in the State of Cali., issued pursuant to the authority of any law of such states; PROVIDED, the entire bonded debt of such city or county or town shall not exceed 15% of the assessed value of the taxable property therein, including the issue of bonds in which said investment is made as shown by the last assessment preceding the investment; and PROVIDED, FURTHER, that such city, town or county or state in which it is situated has not defaulted in the payment of any part of either principal or interest thereon within 5 yrs. previous to making such investment.

(f) 1st Mtg. or underlying bonds of any Steam Rwy., the income of which is sufficient to pay all operating expenses and fixed charges, and which is completed and operated, wholly or in part, in any of the states of the U. S. (See also 1st and 3d paragraphs following.)

(g) Bonds of street railroads,\* water,

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\* The remainder of this paragraph and the second one following, although not in brown, very largely also apply to street railroads.



light, light and power, gas, and other public utility and industrial corporations. All bonds authorized for investment by this section shall be secured by a Mtg. or Tr. Deed, which is, at the time of making such investment, (1) a 1st or underlying Mtg. or Tr. Deed of the corporation issuing said bonds, or (2) a refunding Mtg. or Tr. Deed used to retire all prior lien Mtg. debts of said corporation outstanding at the time of making said investment; PROVIDED, that the income of such corporation is sufficient to pay all operating expenses and fixed charges, including interest on all of its Mtg. debt and that the income of such corporation or of the corporation or corporations out of which it shall have been formed through consolidation shall have been sufficient to pay its operating expenses and fixed charges including interest on all Mtg. debt for a period of 3 yrs., next preceding the purchase of such refunding bonds, or that payments of its said bonds have been guaranteed by a corporation that has paid all its operating expenses and fixed charges for a period of 3 yrs., prior to guaranteeing the payment of such bonds.

(h) 1st Mtg. bonds or Deeds of Tr. issued by real estate corporations: PROVIDED, that said bond issue shall not exceed 60% of the market value of the real estate taken as security.

No Sav. Bk. shall purchase the bonds of any corporation or make a loan on the bonds of any corporation, if the main or principal franchise of such corporation expires prior to the maturity of its bonds, or if the main or principal franchise or special privilege granted to such corporation by any city, county, or city and county, expires before the maturity of such bond issue.

(i) Collateral Tr. bonds when secured by a deposit of an equal amount of bonds which are authorized for investment by this Sec. and a sufficient amount of other security so that the bonds shall represent not more than 90% of the market value of the total security pledged therefor.

## CHAP. 76.

SEC. 62. No Sav. Bk. shall, directly or indirectly, deal or trade in real or personal property in any other case or for any other purpose than is authorized by this act, and shall not contract any debt or liability for any purpose whatever other than for deposits, except as in this sec. provided.

SEC. 64. \* \* \* \* but whenever there is any call by depositors for repayment of a greater amount than the Bk. may have disposable for that purpose, the directors or officers thereof must not make any new loans or investments of the funds of the depositors, or of earnings thereof, until such excess of call has ceased. The directors of any such Bk., having no capital stock, must retain, on each dividend day, at least 10% of the net profits of the Bk., to constitute a reserve fund, which must be invested in the same manner as other funds of the Bk. \* \* \* \*

SEC. 67. 1. No Sav. Bk. shall loan money except on adequate security of real or personal property, and no such loan shall be made for a period longer than 10 yrs.; PROVIDED that no loans shall be made on unsecured notes.

3. No Sav. Bk. shall loan money to exceed 90% of the market value of bonds specified in Subdivs. (a), (b), (c) and (d) of Subdiv. 3 of Sec. 61 of this Act, and no more than 85% of the market value of bonds specified in Subdiv. (e) of Subdiv. 3 of Sec. 61 of this Act, and no more than 75% of the market value of bonds specified in Subdiv. (f) and (g)\* of Subdiv. 3 of Sec. 61 of this Act, and no more than 65% of the market value of personal property and stocks of corporations or Bks.; PROVIDED, HOWEVER, that no loan shall be made upon the capital stock of any corporation or Bk. unless such corporation or Bk. has been in existence for 2 or more yrs., and has earned and paid a dividend on its capital stock.

4. No Sav. Bk. shall make any loan on the

\* This includes street railways.

security of real estate except it be a 1st lien and in no event to exceed 60% of the market value of any piece of real estate to be taken as security, except for the purpose of facilitating the sale of property owned by the Sav. Bk.; PROVIDED, that a 2d lien may be accepted to secure the repayment of a debt previously contracted in good faith.

5. No Sav. Bk. shall purchase, invest or loan its capital or the money of its depositors, or any part of either, in mining shares or stock.

6. No Sav. Bk. shall hereafter make a loan secured by the stock of another Bk., if by making such loan the total stock of such other Bk. held by such loaning Bk. as collateral will exceed in the aggregate 10% of the capital stock of such other Bk.

#### CHAP. 494

SEC. 68. Every Sav. Bk. or Sav. Bk. Dept. of a Bk. shall at all times maintain a lawful money reserve equivalent to 4% of the aggregate amount of its deposits;  $\frac{1}{2}$  of such reserve shall be kept on hand in lawful money of the U. S., and  $\frac{1}{2}$  may consist of bonds of the U. S., or of lawful money of the U. S. on hand or on deposit subject to call with any reserve Bk. provided for in Sec. 20 of this Act; PROVIDED, HOWEVER, that no Sav. Bk. or Dept shall be required to maintain in its own keeping a reserve in lawful money of the U. S. in excess of \$400,000, and when the reserve in its own keeping reaches that amount, the balance of cash necessary to make up the 4%, may be kept on deposit subject to call with any reserve Bk. provided for in Sec. 20 of this Act.

No new loan shall be made during any deficiency in the lawful money reserve.

Deposits with the Commercial Bks., or Commercial Depts., on open account, to facilitate business transactions, as provided in this Sec., shall be permitted, and shall not be construed as loans.

Not more than 8% of the deposits of any

Sav. Bk. shall be deposited with any one Bk.

No Sav. Bk. or Sav. Dept. shall receive deposits of other Bks. other than Savs. deposits and such deposits shall not be treated or considered as a part of the legal reserve of such depositing Bk. and provided that the sum so deposited shall not exceed the sum of \$10,000 in any one Bk.

Chap. 495, Sec. 33, and Chap. 76, Sec. 47 under Commercial Bks. also apply to Sav. Bks.

### COMMERCIAL BANKS.

#### CHAP. 495.

SEC. 20. Every Bk., other than a Sav. Bk., shall have at all times as lawful reserve an amount equal to 15% of the aggregate amount of its deposits; 2-5ths of such reserve shall be in its own keeping in lawful money of the U. S.;  $\frac{1}{2}$  of the remainder of such lawful reserve may consist of moneys on deposit, subject to call, with any Bk. or Bks. in this state, other than a Sav. Bk.; and the balance of such reserve may consist of moneys on deposit, subject to call, with any Bk. or Bks. in the cities of New York, Chicago or St. Louis, other than a Sav. Bk.; PROVIDED, that every Bk. receiving deposits as a reserve depository Bk. of other Bks., shall maintain as a lawful reserve at least 20% of the aggregate amount of its deposits; 2-5ths of such lawful reserve of such depository Bk. shall be in lawful money of the U. S. in its own keeping;  $\frac{1}{2}$  of the remainder of such lawful reserve of such depository Bk. may consist of moneys on deposit, subject to call, with any Bk. or Bks. in this state, other than a Sav. Bk.; and the balance of such reserve may consist of moneys on deposit, subject to call, with any Bk. or Bks. in the cities of New York, Chicago, and St. Louis, other than a Sav. Bk.

If the lawful money reserve of any Bk. shall be less than the amount required by this section, such Bk. shall not increase its liabilities by making any new loans or discounts, otherwise than by discounting bills



of exchange on sight, or making any dividends from profits until the full amount of its lawful money reserve has been restored.

SEC. 33. No officer or employee of any Bk. shall, directly or indirectly, for himself or as the partner or agent of others, borrow any of the deposits or other funds of such Bk., nor shall he nor any director become an endorser or surety for loans to others, nor in any manner be obligor for moneys borrowed or loaned by such Bks; except that a Commercial Bk. may buy from, or discount, for a director of said Bk., bills of lading and bills of exchange drawn in good faith against actually existing value actually owned by the director negotiating the same.

#### CHAP. 76.

SEC. 47. No Bk. shall make any loan on real estate except it be a 1st lien, but this provision shall not prevent the acceptance of a 2d lien to secure the payment of a debt previously contracted in good faith.

#### CHAP. 495.

SEC. 80. No Commercial Bk. shall make any loans to any person, company, corporation or firm to an amount exceeding 1-10th part of the capital stock of such Bk. actually paid in and surplus, excepting that no Commercial Bk. shall be prohibited by this act from loaning to any person, company, corporation or firm any sum not exceeding \$5,000 without security; PROVIDED, HOWEVER, that a Bk. may loan to any person, company, corporation or firm a sum not exceeding 25% of its capital stock actually paid in and surplus upon security worth at least 15% more than the amount of its loans; or it may loan 10% of such capital and surplus as first above provided, and a further sum not exceeding 15% of such capital and surplus upon security worth at least 15% more than the amount of such loan so secured; except that a Commercial Bk. may buy from, or discount, for any person, company, corpora-

tion or firm, or loan upon bills of lading, and bills of exchange, drawn in good faith against actual existing value or against commercial or business paper actually owned by the person negotiating the same; PROVIDED, HOWEVER, that at no time shall the loans on or purchases of bills of lading or such bills of exchange, made to any one person, company, corporation or firm exceed 75% of the capital and surplus of such bank.

SEC. 81. No loan shall be made by any Commercial Bk. upon the securities of one or more corporations, the payment of which is undertaken, in whole or in part, severally, but not jointly, by 2 or more individuals, firms, or corporations:

(a) If the borrowers or underwriters be obligated absolutely or contingently to purchase the securities, or any of them, collateral to such loan, unless the borrowers or underwriters shall have paid on account of the purchase of such securities an amount in cash, or its equivalent, equal to at least 25% of the several amounts for which they remain obligated in completing the purchase of such securities;

(b) If the Commercial Bk. making such loan be liable, directly or indirectly, or contingently, for the repayment of such loan or any part thereof;

(c) If its term, including any renewal thereof by agreement, expressed or implied, exceed the period of 1 yr.;

(d) Or to an amount under any circumstances in excess of 25% of the capital and surplus of the Commercial Bk. making such loan.

SEC. 83. No Commercial Bk. shall loan any of its funds to any of its directors unless such loan shall first have been approved by a  $\frac{2}{3}$  vote of its board of directors, on which vote the borrowing director shall not participate, and the fact of making such loan, the name of the director borrowing the same, the time when the same shall become due, the rate of interest thereon, and the amount, value and character of security pledged therefor, if any, shall be forthwith

forwarded by the cashier of such Bk. to the Supt. of Bks.; and if the Supt. of Bks. shall disapprove of such loan he shall immediately notify such Bk. of his disapproval thereof and such Bk. shall forthwith collect such loan; PROVIDED, HOWEVER, that the total loans to all directors of such Bk. shall not at any one time exceed 50% of the capital and surplus of such Bk., and PROVIDED FURTHER, that each Bk. having any loan or loans outstanding to any of its directors, shall once each month report in writing to the Supt. of Bks. the name of each director to whom such loan is made, and amount of such loan, the rate of interest thereon, the time when the same shall fall due, and the security pledged therefor, if any.

SEC. 84. No Commercial Bk. shall invest an amount exceeding its capital and surplus in its Bk. premises without the approval of the Supt. of Bks.; and the authority of a  $\frac{2}{3}$  vote of a full board of directors shall be necessary to authorize the purchase or construction thereof.

Chap. 76, Secs. 34, 35, 36, 37, 44, and 46 under Sav. Bks. also apply to Commercial Bks.

## TRUST COMPANIES.

### CHAP. 495.

SEC. 96. Each Tr. Co., before accepting any such appointment or deposit, shall deposit with the treasurer of state, for the benefit of the creditors of said Tr. Co., the sum of \$100,000, in bonds of the U. S., or municipal bonds of this state, or of any county, or city, city and county, or sch. dist. thereof, or in Mtgs. on improved and productive real estate in this state, being 1st liens thereon, and the real estate being worth at least twice the amount loaned thereon; said bonds or Mtgs. to be approved by the Supt. of Bks. The bonds and securities so deposited may be exchanged from time to time for other securities, receivable as aforesaid. Said bonds of the U. S., or municipal bonds of this state, or of any



county, city, city and county, or sch. dist. thereof, and all said securities shall be subject to sale and transfer, and to the disposal of the proceeds by said treasurer, only on the order of a court of competent jurisdiction and as hereinafter provided.

## CHAP. 76.

SEC. 97. Any such Tr. Co., having a paid-up capital in excess of \$200,000, may be permitted by the Supt. of Bks. to mortgage any improved and productive real estate owned by it, in excess of said amount, to the treasurer of state, for such sum as the said Supt. of Bks. may determine, and such Mtg. may be deposited with said treasurer, and when so deposited it shall be included in the amount of securities hereinabove required to be deposited with said treasurer for the benefit of the creditors of said Tr. Co.

SEC. 98. \* \* \* \* and whenever any Tr. Co. receives Tr. Funds as such trustee in excess of \$500,000, it shall deposit with the state treasurer securities mentioned in Sec. 96 of this act, to be approved by the Supt. of Bks., in the amount of another \$100,000, and for each \$500,000, of such Tr. Funds thereafter received, an additional deposit of \$50,000, of such securities likewise approved shall be made with the said state treasurer; PROVIDED, HOWEVER, that no Tr. Co. shall be required to deposit more than \$1,000,000 of such securities.

SEC. 99. When any part of such deposit with the state treasurer is made in **bonds** and Mtgs., it shall be accompanied by full abstracts of titles and searches, or by certificates of title issued by a person, company or corporation, whose business or objects are to make searches of titles and issue certificates of titles, and which said person, company or corporation shall be one designated or approved by said Supt. of Bks., and shall be examined and approved by or under the direction of the said Supt. of Bks. The fees for an examination of title by counsel to be

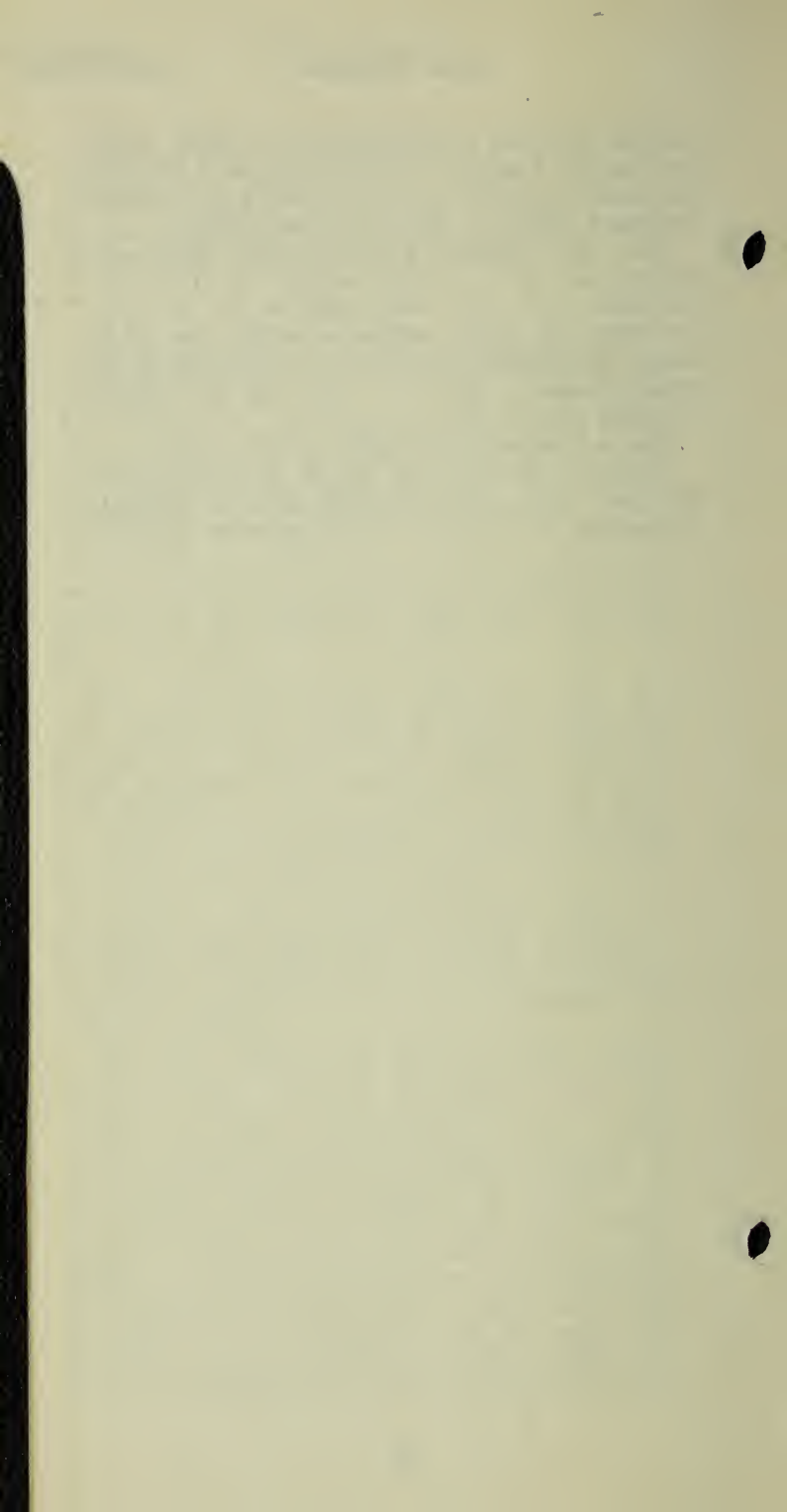


paid by the Tr. Co. making the deposit, shall not exceed \$20.00 for each Mtg., and the fee for each appraiser, not exceeding 2, besides expenses, shall be \$5.00 for each Mtg.

SEC. 105. Every Tr. Co. shall invest its capital and Tr. Funds received by it in accordance with the laws relative to the investment of funds deposited with Sav. Bks., unless a specific agreement to the contrary is made between the Tr. Co. and the party creating the trust.

The following also applies to Tr. Co's:

Chap. 76, Secs. 34, 35, 36, 37, 44, and 46 under Sav. Bks., and Chap. 495, Secs. 20 and 33, and Chap. 76, Sec. 47 under Commercial Bks.



Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## CONNECTICUT

CORRECTED TO INCLUDE 1913 SESS. OF LEG.

## SAVINGS BANKS.\*

SEC. 1. Sav. Bks. may invest their deposits and surplus only as hereinafter provided.

SEC. 2. In the stock or bonds or interest-bearing notes or obligations of the U. S., or those for which the faith of the U. S. is pledged to provide for the payment of the principal and interest, including the bonds of the District of Columbia.

SEC. 3. In the stock or bonds or interest-bearing obligations of any state of the U. S. which was admitted to statehood prior to Jan. 1, 1896, which has not, within 10 years previous to making such investment by such Corp., defaulted for more than 90 days in the payment of any part of either principal or interest of any debt authorized by the legislature of such state to be contracted; and in the bonds or interest-bearing obligations of any such state of the U. S. which have been issued and outstanding for a period of at least 10 years previous to making such investment by such Corp., and which have been issued in pursuance of the authority of the legislature of such state, (1) for the funding or settlement of any previous obligation of such state theretofore in default, or (2) for the refunding of such funding or settlement obligation of such state theretofore in default, and on which said funding or settlement obligation or obligation issued to refund the same there has been no default in the payment of either principal or interest since its issue, provided the authorization of any obligation by the legislature of any such state hereinbefore referred to shall not have been in violation of any constitutional provision, and provided such bond or interest-

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\*The term "savings banks" shall include savings banks, societies for savings, and savings societies.

bearing obligation shall be the direct obligation of such state and that the faith and credit of the state shall be pledged for its payment, principal and interest.

SEC. 4. In the obligations of any county, town, city, borough, Sch. Dist., fire Dist., or sewer Dist., in this state.

SEC. 5. In the stock or bonds of any incorporated city situated in one of the states of the U. S. which was admitted to statehood prior to Jan. 1, 1896, and which was incorporated as a city, under the same or a different name, at least 25 years prior to making such investment, and which has not less than 20,000 inhabitants, as ascertained by the U. S. or state census, or any municipal census taken by authority of the state, next preceding such investment, provided the amount of the bonds of such city, including the issue in which such investment is made, and its proportion, based on the valuations of property therein for the assessment for taxation next preceding such investment, of the county and town debt, after deducting the amount of its water debt and the amount of the sinking funds which are available for payment of its bonds other than water bonds, does not exceed 7% of the valuation of the taxable property in such city, to be ascertained by the valuation of property therein for the assessment of taxes, next preceding such investment, and provided the city issuing such bonds, or the state in which it is located, has not defaulted for more than 90 days in the payment of any of its funded indebtedness or interest thereon, within 15 years next preceding the purchase of such bonds by the Sav. Bk. The provisions of this Sec. shall not authorize the investment of funds in any "special assessment" or "improvement" bonds, or other bonds or obligations which are not the direct obligations of the city issuing the same, and for which the faith and credit of the issuing city are not pledged. A city or state shall be considered to be in default within the meaning of this act while any unpaid and overdue obligation, either principal or interest, shall be outstanding.

SEC. 6. In the bonds or interest-bearing obligations issued by a R. R. Corp. organized under the laws of any of the New Eng. states, and owning in fee not less than 300 miles of R. R. located in said states, and which has paid in dividends in cash an amount equal to not less than 4% per annum on its outstanding shares of capital stock in each fiscal year for the 5 years next preceding such investment, or in the bonds or interest-bearing obligations issued by a R. R., terminal, depot, bridge, tunnel, or St. Rwy. Corp., organized under the laws of any of the New Eng. states or the state of N. Y. assumed by a R. R. Corp. organized under the laws of any of the New Eng. states and owning in fee not less than 300 miles of R. R. located in said states and complying with all the provisions of this Sec.; if any such R. R. Corp. shall be leased to another R. R. Corp. organized under the laws of any of the New Eng. states and owning in fee not less than 300 miles of R. R. located in said states, under a lease which provides for the payment by the lessee as rental of an amount sufficient to pay dividends on the capital stock of the lessor amounting in the aggregate in each fiscal year of said lessor Corp. during the term of said lease to not less than 4% on its outstanding shares of capital stock, such lessor shall be regarded as having paid its dividends within the meaning of this Sec., but in case the lessee shall hold any shares of the capital stock of the lessor such shares shall not be considered as outstanding within the meaning of this section.

SEC. 7. In the bonds or debentures actually issued by a R. R. Corp. incorporated in any of the New Eng. states, at least  $\frac{1}{2}$  of the R. R. of which is located in said state, whether such Corp. is in possession of and is operating its own R. R. or such R. R. is leased to another R. R. Corp. incorporated in any one of the New Eng. states, provided such bonds or debentures shall be secured either by a Mtg. which was at the date thereof, or is at the time of making the investment, a 1st Mtg. on not less than 75% of the R. R. of such Corp.



owned in fee at the date of the Mtg., or by a Refd. Mtg. which provides for the retirement of all prior lien Mtg. bonds of such R. R. Corp., or by a Mtg. which is a prior lien on some part of the R. R. covered by a Refd. Mtg. which provides for the retirement of all outstanding prior lien bonds, or that if the R. R. and R. R. property of such Corp. are unincumbered by Mtg., such bonds or debentures shall be issued under the authority of one of said states which provides by law that no such R. R. Corp. which has issued bonds or debentures shall subsequently execute a Mtg. upon its road, equipment, franchise, or upon any of its real or personal property, without including in and securing by such Mtg. all bonds or debentures previously issued and all pre-existing debts and liabilities, and provided such Corp. has paid in dividends in cash an amount equal to not less than 4% per annum on all its outstanding capital stock in each fiscal year for the 5 years next preceding such investments. If any such R. R. Co. shall hold the R. R. of another such R. R. Corp. under a lease which provides for the payment by the lessee as rental of an amount sufficient to pay dividends on the capital stock of the lessor amounting in the aggregate in each fiscal year of said lessor during the term of said lease, to not less than 4% on all its outstanding capital stock, such lessor shall be regarded as having paid its dividends within the meaning of this Sec., but in case the lessee shall hold any shares of the capital stock of the lessor such shares shall not be considered as outstanding within the meaning of this Sec.

SEC. 8. No bonds or other interest-bearing obligations shall be made a legal investment by Secs. 6 and 7 in case the authorized issue thereof, with all outstanding prior debts of the issuing or assuming Corp., including all evidences of debt that may legally be issued under any of its prior authorizations or under any of its assumed prior authorizations, after deducting therefrom, in case of a Refd. Mtg., the bonds reserved under the provisions of said Mtg. to retire prior debts at maturity,

shall exceed 3 times the outstanding capital stock of said Corp. at the date of such investment.

SEC. 9. In the bonds issued by a R. R., terminal, depot, bridge, tunnel, or St. Rwy. Corp. organized under the laws of any of the New Eng. states or the state of N. Y., the property of which is located wholly or in part in one of said states, or in the bonds issued by a R. R., terminal, depot, bridge, tunnel, or St. Rwy. Corp., organized under the laws of any of said states, assumed by a R. R., terminal, depot, bridge, tunnel, or St. Rwy. Corp. organized under the laws of said states, provided such bonds shall be secured either by a Mtg. which was at the date thereof, or is at the time of making the investment, a 1st Mtg. on not less than 75% of the R. R. owned in fee at the date of the Mtg., in the case of a R. R. or St. Rwy. Corp., or the fixed property, in the case of a terminal, depot, bridge, or tunnel Corp., owned by the Corp. issuing the bonds, or by a Refd. Mtg. which provides for the retirement of all prior lien bonds of such Corp., or by a Mtg. which is a prior lien on some part of the property covered by a Refd. Mtg. which provides for the retirement of all outstanding prior lien bonds. No bond shall be made a legal investment under this Sec. unless the bonds are guaranteed principal and interest by endorsement by, or guaranteed principal and interest by endorsement which guaranty has been assumed by a R. R. Corp., owning in fee not less than 300 miles of R. R. in the New Eng. states, whose bonds are made a legal investment under Sec. 6. No bonds shall be made a legal investment by this Sec. in case the Mtg. securing the bonds shall authorize a total issue of bonds which added to the total debt, described in Sec. 8, of the guaranteeing Corp., including therein the authorized amount of all previously guaranteed bond issues, shall exceed 3 times the outstanding capital stock of said guaranteeing Corp. at the time of making said investment.

SEC. 10. In the Mtg. bonds, as described in Sec. 15, issued or assumed by any R. R. Corp.

incorporated under the laws of the U. S., or any state, provided such R. R. Corp. owned in fee during each of the 5 fiscal years of such R. R. Corp. next preceding the date of such investment not less than 500 miles of standard gauge R. R., exclusive of sidings, within the U. S., and provided such R. R. Corp. has complied during each of said fiscal years with the provisions of Sec. 14, or if such Corp. owned in fee less than 500 miles of such R. R., the gross earnings of such Corp., as reckoned in Sec. 14, shall have been not less than \$10,000,000.

SEC. 11. In the Mtg. bonds, as described in Sec. 15, issued or assumed by any R. R. Corp. incorporated under the laws of the U. S., or any state thereof, provided during each of the 5 fiscal years of such R. R. Corp. next preceding the date of such investment, its R. R. subjected to the lien of the Mtg. securing its bonds has been operated by a Corp. described in, and which has complied with all the provisions of, Secs. 10 and 14. No bonds shall be made a legal investment by this Sec. unless the bonds are guaranteed principal and interest by endorsement by, or guaranteed principal and interest by endorsement which guaranty has been assumed by, the Corp. operating the R. R. covered by the Mtg. securing the bonds and which has complied with all the provisions of Secs. 10 and 14.

SEC. 12. In the Mtg. bonds as described in this act issued or assumed by any terminal, depot, bridge, or tunnel Co., incorporated under the laws of the U. S., or any state, provided the property of such terminal, depot, bridge, or tunnel Co. is used by 1 or more R. R. Corps. described in, and which have complied with all the provisions of, Secs. 10 and 14. No bond shall be made a legal investment by this Sec. unless the bond is guaranteed principal and interest by endorsement by, or guaranteed principal and interest by endorsement which guaranty has been assumed by, 1 or more R. R. Corps. described in, and which has complied with all the provisions of, Secs. 10 and 14.

SEC. 13. In the Mtg. bonds as described in



Sec. 15 issued or assumed by any R. R. Corp. incorporated under the laws of the U. S., or any state, provided, during each of the 5 fiscal years of such R. R. Corp. next preceding the date of such investment, such R. R. Corp. owned in fee not less than 100 miles of standard gauge R. R., exclusive of sidings, within the U. S., and provided such R. R. Corp. has complied during each of said fiscal years with the provisions of Sec. 14. No bonds shall be made a legal investment by this Sec. unless the bonds are guaranteed principal and interest by endorsement by, or guaranteed principal and interest by endorsement which guaranty has been assumed by, a Corp, described in, and which has complied with all the provisions of, Secs. 10 and 14, nor unless it complies with the provisions of Sec. 10.

SEC. 14. Any R. R. Corp described in Secs. 10 and 13 shall comply with the provisions of this Sec. during each of the 5 fiscal years of such R. R. Corp. next preceding the date of such investment, before any of its Mtg. bonds, as described in Sec. 15 shall be made a legal investment. Such R. R. Corp. shall have paid the matured principal and interest of all indebtedness and shall have paid in dividends in cash to its stockholders an amount equal to at least 4% upon all its outstanding capital stock; the gross earnings from the operation of the property of such R. R. Corp., including therein the gross earnings of all R. R.s. leased and operated or controlled and operated by said Corp., and the gross earnings from the sale of coal from mines owned or controlled by it, shall not have been less in amount than 5 times the amount necessary to pay the interest payable upon its entire outstanding indebtedness, the rentals of all leased lines, and the interest on all outstanding indebtedness of R. Rs. controlled and operated which are not owned by said Corp., after deducting from said interest and rentals interest and dividends received from the stocks, bonds, or notes of R.R. Corps. not operated by said Corp., which have been deposited with a trustee as the only security for the payment of bonds or notes issued by

said Corp., but not in excess of the interest on said last named bonds or notes.

SEC. 15. Whenever the term "mortgage bonds" is used in Secs. 10 to 20, inclusive, it shall mean either (1) That the Mtg. securing the bonds was at the date thereof, or is at the date of such investment, a 1st Mtg. on not less than 75% of the R. R., in the case of a R. R. Corp., or the fixed property, in the case of a terminal, depot, bridge, or tunnel Co., owned in fee at the date of the Mtg. by the Corp. which executed the Mtg. and issued the bonds; that 75% of the R. R. subject to the lien of said Mtg. is connected; that the date of said Mtg. is at least 5 years prior to the date of such investment; unless the Corp. issuing, assuming, or guaranteeing the bond has complied with Sec. 14 for each of the 10 fiscal years of such Corp. next preceding the date of such investment; but a Mtg. given in substitution for and not greater in amount than such Mtg., and covering the same R. R. or property, shall be considered to be in accordance with this requirement; (2) that if the Mtg. securing the bonds was at the date thereof, or is at the date of such investment, not a 1st Mtg. on not less than 75% of the railroad owned in fee at the date of the Mtg., it is a 1st Mtg. on at least 75% of the R. R. subject to the lien of said Mtg. at the date thereof; but if any stocks or bonds are deposited with the trustee of said Mtg. as part security therefor, representing or covering R. R. mileage not owned in fee, the bonds secured by said Mtg. shall not become legal investments unless said Corp. owns in fee at least 75% of the total mileage which is subject to the lien of such Mtg., including the mileage which is represented or covered by said stocks or bonds; that 75% of the R. R. subject to the lien of said Mtg. is connected; that the date of said Mtg. is at least 5 years prior to the date of such investment; unless the Corp. issuing, assuming, or guaranteeing the bond has complied with Sec. 14 for each of the 10 fiscal years of such Corp. next preceding the date of such investment; but a Mtg. given in substitution for and not greater

in amount than such Mtg., covering the same R. R. or property, shall be considered to be in accordance with this requirement; (3) that the Mtg. securing the bonds was at the date thereof, or is at the date of such investment, a 1st Mtg., or a Mtg. or trust indenture which is in effect a 1st Mtg. upon all the R. R., subject to the lien of said Mtg. or trust indenture by virtue of the irrevocable pledge with the trustee thereof of an entire issue or issues of bonds which are a first lien, upon the R. R. of a R. R. Corp. which is owned and operated, controlled and operated, or leased and operated by the Corp. issuing or assuming said bonds; that 75% of the R. R. subject to the lien of said Mtg. is connected; that the date of said Mtg. is at least 5 years prior to the date of such investment, unless the Corp. issuing, assuming, or guaranteeing the bonds has complied with Sec. 14 for each of the 10 fiscal years of such Corp. next preceding the date of such investment; but a Mtg. given in substitution for and not greater in amount than such Mtg., and covering the same R. R. property, shall be considered to be in accordance with this requirement; (4) that the Mtg. securing the bonds was at the date thereof, or is at the date of such investment, a Refd. Mtg. which provides for the retirement of all prior lien Mtg. bonds of said Corp. outstanding at the time of said investment, and covering at least 75% of the R. R. owned in fee by said Co. at the date of said Mtg. No Mtg. is to be regarded as a Refd. Mtg. under the provisions of this Sec. unless the bonds which it secures mature at a later date than any bond which it is given to refund, or, in case bonds are issued to mature at an earlier date than any bond which it is given to refund, the Mtg. contains the provisions that bonds issued to mature at an earlier date may be retired by a like amount of bonds reissued under said Mtg.; (5) that the Mtg. securing the bonds is a prior lien to a Refd. Mtg. described above, on some part of the R. R. or R. R. property covered by said Refd. Mtg., provided the bonds issued under such Mtg. are to be re-

funded by said Refd. Mtg., and the property covered by said prior lien Mtg. is operated by, and its operations included in, those of the R. R. Corp. issuing said refunding mortgage.

SEC. 16. No bond shall be made a legal investment by Sec. 10 in case the Mtg. securing the same shall authorize a total issue of bonds, which, with all outstanding prior debts of the issuing or assuming Corp., including all bonds not issued that may legally be issued under any of its prior debts, or of its assumed prior debts, after deducting therefrom in case of a Refd. Mtg., the bonds reserved under the provisions of said Mtg. to retire prior debts at maturity, shall exceed 3 times the outstanding capital stock of said Corp. at the date of such investment. No bond shall be made a legal investment by Secs. 11, 12, and 13 in case the Mtg. securing the same shall authorize a total issue of bonds, which added to the total debt, as defined in this Sec., of the guaranteeing Corp., including therein the authorized amount of all previously guaranteed bond issues, shall exceed 3 times the capital stock of said guaranteeing Corp. outstanding at the time of making said investment. In case of a Mtg. executed prior to the passage of this act, under which the total amount of bonds which may be issued is not specifically stated, the amount of bonds outstanding thereunder at the date of such investment shall be considered as the total authorized issue.

SEC. 17. Bonds which have been or shall become legal investments under any of the provisions of Secs. 10 to 20, inclusive, shall not be rendered illegal, although the Corp. issuing, assuming, or guaranteeing such bonds, shall fail for a period not exceeding 2 successive fiscal years to comply with the requirements of Secs. 10 and 14, but no further investment in the bonds issued, assumed, or guaranteed by said Corp. shall be made after the first fiscal year of such failure; but if, after the expiration of said period, said Corp. complies for the following fiscal year with all the requirements of Secs. 10 and 14 it shall be regarded as having complied therewith during



said period, and thereupon said bonds shall be legal investments, but in case of any subsequent failure to comply with said Secs. 10 and 14 the bonds of said Corp. shall not be purchased until said Corp shall have complied each year for 5 successive years with said Secs. 10 and 14.

SEC. 18. Bonds which have been or shall become legal investments under any of the provisions of Secs. 10 to 20, inclusive, shall not be rendered illegal, because the property upon which they are secured has been or shall be conveyed to or legally acquired by another R. R. Corp., and the Corp. which issued or assumed said bonds has been or shall be consolidated with another R. R. Corp., if the consolidated or purchasing Corp. shall assume the payment of said bonds and so long as it shall continue to pay regularly interest, or dividends, or both, upon the securities issued against, in exchange for, or to acquire the stock of the Corp. consolidated, or the property purchased, or upon securities subsequently issued in exchange or substitution therefor, to an amount at least equal to 4% per annum upon the capital stock outstanding at the time of such consolidation or purchase, of said Corp. which issued or assumed said bonds.

SEC. 19. If a R. R. Corp. which has complied with all the requirements of Secs. 10 and 14 except that the period of compliance is less than 5 years, shall be, or shall have been, consolidated or merged with, or its R. R. purchased and all the debts of such Corp. assumed by, another R. R. Corp. incorporated under the laws of the U. S., or any state, the Corp. so succeeding shall be considered as having complied with all the provisions of said Secs. during those successive years next preceding the date of such consolidation, merger, or purchase in which said consolidated, merged, or purchased Corps., if considered as one continuous Corp. in ownership and possession would, taken together, have so complied, provided in the case of a R. R. Corp. which has complied with all the requirements of said Secs., except that the period of compliance is

less than 5 years, said succeeding Corp. shall continue so to comply for a further period which shall make such compliance equivalent to at least 5 successive years.

SEC. 20. If, by means of consolidation, merger, or purchase, a R. R. Corp. shall own and possess the properties and franchises which, prior thereto, belonged to similar Corps., and, during the years next preceding such consolidation, merger, or purchase, one or more of said Corps. have regularly paid in cash to stockholders dividends in amounts equaling or exceeding 4% per annum upon the entire capital stock of the successor Corp. outstanding at the time of the investment, such successor Corp. shall be considered as having paid such dividends during the same period of years.

SEC. 21. Sav. Bks. may invest not exceeding 2% of their deposits and surplus in equipment trust notes, bonds, or certificates issued by, or which are guaranteed by endorsement both as to principal and interest by, or which are secured by lease of equipment to, a R. R. Corp. which, in case of a R. R. Corp. incorporated under the laws of any of the New Eng. states, has complied with Sec. 6, or which, in the case of a R. R. Corp. incorporated under the laws of any other state, or of the U. S., has complied with all the provisions of Secs. 10 and 14, provided said notes, bonds, or certificates are secured by a 1st lien on, or by a lease and conditional sale of, new standard R. R. equipment free from other encumbrances, for the purchase of which said notes, bonds, or certificates were issued at not exceeding 90% of the purchase price thereof, and provided the instrument under which such notes, bonds, or certificates are issued, or the lease of such equipment to the R. R. Corp., provides for the proper maintenance of the equipment covered thereby and for the payment of the entire issue of such notes, bonds, or certificates in not exceeding 15 annual or 30 semi-annual instalments, without the release of any part of the lien or interest in any of the equipment securing such notes, bonds, or certificates until the entire issue of such series of notes,

bonds, or certificates shall have been paid or redeemed. No equipment trust notes, bonds, or certificates shall be made a legal investment by this Sec. in case the series authorizes an amount which, added to the total debt as defined in Sec. 8 in the case of a R. R. Corp. organized under the laws of any of the New Eng. states, or Sec. 16 in the case of a R. R. Corp. organized under the laws of any other state or of the U. S., which issued or guaranteed or is the lessee of the equipment securing such equipment trust notes, bonds, or certificates, including therein the outstanding amounts of all previously issued series of such equipment trust notes, bonds, or certificates, shall exceed 3 times the capital stock of such R. R. Corp. outstanding at the time of making said investment.

SEC. 22. Sav. Bks, may invest not exceeding 2% of their deposits and surplus in bonds issued by any St. Rwy. Corp. incorporated in this state, the Rwy. of which is located wholly or in part therein, provided such bonds are secured by a Mtg. which was at the date of the Mtg. or is at the date of the investment a 1st Mtg. on not less than 75% of the Rwy. of such Corp. owned in fee at the date of the Mtg., and provided the gross earnings of said Corp. each fiscal year for the 5 years next preceding the date of such investment, were not less than \$100,000., and that said Corp. in each of said years earned and paid in dividends in cash an amount equal to at least 4% per annum upon the outstanding capital stock, and provided, at the date of any such dividend, the outstanding capital stock is equal to at least  $\frac{1}{2}$  of the debt of such corporation.

SEC. 23. Sav. Bks. may invest not exceeding 2% of their deposits and surplus in Mtg. bonds and other interest-bearing obligations of any water Co. supplying water for domestic use to communities in this state having a population of not less than 50,000 whose franchise is an exclusive one and unlimited in time, provided the amount of all the outstanding debts of such Co. does not exceed its capital stock, and provided such water Co. has earned each year



and paid in cash from its officially reported net earnings, as shown by its annual report or other sworn official statement, to municipal, state, or U. S. authorities, dividends of not less than 4% per annum on its entire outstanding capital stock, for a period of 4 years next preceding the making of the investment.

SEC. 24. Sav. Bks. may invest not exceeding 2% of their deposits and surplus in bonds of any telephone Co. incorporated in this state, whose property is located chiefly in this state, which are secured by a 1st Mtg. upon at least 75% of the property of such Co., including its franchises, rights, and privileges, and limiting the amount of bonds issuable thereunder to 75% of the valuation of the property mortgaged, excluding any valuation of said franchises, rights, and privileges, and providing the gross income of such telephone Co. shall have been not less than \$2,000,000. per annum during each of the 5 fiscal years of such telephone Co. next preceding the date of such investment.

SEC. 25. Sav. Bks. may invest not exceeding 2% of their deposits and surplus in bonds of any telephone Co. incorporated in any of the New Eng. states, or in the state of N. Y., and secured by a 1st Mtg. upon at least 75% of the property of such telephone Co., or by the deposit with a Tr. Co. incorporated under the laws of one of the New Eng. states or of the state of N. Y. of bonds and shares of stock of other telephone Corps. under an indenture of trust which limits the amount of bonds so secured to 75% of the value of the securities deposited as stated and determined in said indenture, and provided the gross income of such telephone Co. shall have been not less than \$25,000,000. per annum during each of the 5 fiscal years of such telephone Co. next preceding the date of such investment. No bond of a telephone Co. shall be made a legal investment under Secs. 24 and 25 unless during each of the 5 fiscal years of such telephone Co. next preceding the date of such investment said telephone Co. shall have paid the matured principal and interest of all its indebtedness, and shall have paid, during each of



said years, in cash dividends an amount equal to not less than 6% per annum on all its outstanding issues of capital stock, and the dividends paid on the capital stock of such telephone Co. shall not have been less than the total amount necessary to pay the interest upon its entire outstanding indebtedness.

SEC. 26. Sav. Bks. may invest in the capital stock of any Bk. or Tr. Co. located in this state, or in the city of N. Y. in the state of N. Y., or in the city of Boston in the state of Mass., but no Sav. Bk. shall hold by way of investment and as security for loans, more than 20% of its deposits in the stocks of such Bks. or Tr. Cos., at par value, nor more than 3% of its deposits, nor more than \$100,000. of par value in, nor more than  $\frac{1}{4}$  of the capital stock of, any such Bk. or Tr. Co. The provisions of this Sec. shall not render illegal any such investments now owned by any Bk. or trust company.

SEC. 27. Sav. Bks. may invest in loans secured by 1st Mtg. on unencumbered real estate, not to exceed 50% of the value of such real estate, located in this state, or in the county of Providence or Washington in the state of R. I., or in the county of Hampden or Berkshire in the state of Mass., or in the county of Dutchess, Putnam, or Westchester in the state of New York.

SEC. 28. When any loan is made by a Sav. Bk. upon real estate the security shall be appraised by 2 or more suitable persons, well known in the community where such loan is made, one of whom shall be a trustee of the Bk. making the loan. Such appraisal shall express upon its face the amount at which such property is appraised, and, with a certificate of title or a title Ins. policy, shall be lodged and kept with the institution making such loan. No loan shall be made by any Sav. Bk. to any Corp. or Assoc. or ecclesiastical society secured by Mtg. upon its property, unless the same shall be accompanied by the individual guaranty of some responsible party or parties, or by other collateral security of value equal to the amount of the sum loaned. The direc-

tors or trustees of any Bk. consenting to any loan contrary to the provisions of this Sec. shall be individually responsible for any loss by reason of such loan.

SEC. 29. Sav. Bks. may invest not exceeding 20% of their deposits and surplus in notes secured by pledge of stock or bonds as collateral, provided the Corp. issuing such stock or bonds shall have paid thereon dividends or interest at the rate of not less than 4% per annum during the 2 years next preceding the time when such loan is made; or by the pledge of any stock or bonds or other obligations which under the provisions of this act may be purchased by Sav. Bks.; but the market value of any securities given to secure any collateral loan shall be at least 20% in excess of the amount of the loan and not more than 5% of the aggregate deposit in any Sav. Bk. shall be loaned on the stock, bonds, or other obligations of one Corp.; or by the pledge of deposit accounts and books in Sav. Bks. in this state to an amount not exceeding the balance due from said Sav. Bks. on such deposit account.

SEC. 30. Sav. Bks. may invest not exceeding 10% of their deposits and surplus in notes, each of which shall be the joint and several obligation of 2 or more parties, all residents of this state, but no Sav. Bk. shall loan on personal security to one person more than 3% of its deposits at the time of making such loan. No Sav. Bk. shall buy, or lend any money upon, any obligations on which only one person or firm shall be holden without taking additional security for the same equivalent to the guaranty or endorsement of some other responsible party.

SEC. 31. No Sav. Bk. shall expend in the purchase or construction of any building, for the purpose, in whole or in part, of accommodating the business of such Bk., a greater sum than may in the opinion of the Bk. Coms. properly be taken from the surplus of such Bk., after allowing for depreciation of its assets, and such expenditures shall in all cases be subject to the approval of the Bk. Coms.

SEC. 32. Sav. Bks. may deposit in incorporated Bks. or Tr. Cos. located in this state or the state of N. Y., Mass., or R. I., or the city of Phila., but such deposits shall not in any case exceed 30% of the capital stock, surplus, and undivided profits of such depositary.

SEC. 33. No Sav. Bk shall demand or receive on any loan, either as bonus, commission, or tax, or in any other way, directly or indirectly, more than 6% per annum, but taking interest in advance, for a period not to exceed 6 months, and reimbursement of any money paid by a Bk. for Ins. or taxes on property mortgaged to it, shall not be a violation of this section.

SEC. 34. When any loan or investment is made by any Sav. Bk. the names of the directors or trustees consenting thereto shall be entered upon the records of such Bk., and said records shall be open at all times to the inspection of the corporators and auditors of such Bk. and the Bk. Coms., and be prima facie evidence of the truth of the statements therein contained.

SEC. 36. The provisions of this act shall not render illegal the investment in, nor the investment hereafter in, any bonds or interest-bearing obligations issued or assumed by a R. R. Corp., which were a legal investment at the time of the passage of this act, so long as such bonds or interest-bearing obligations continue to comply with the laws in force prior to the passage of this act, but no such bond or interest-bearing obligation that fails, subsequent to the passage of this act, to comply with said laws shall again be a legal investment unless such bonds or interest-bearing obligations comply with the provisions of this act.

SEC. 37. If any St. Rwy. Co., the bonds of which are a legal investment, prior to the passage of this act, shall fail, in any fiscal year subsequent to the passage of this act, to pay dividends equal to 4% upon its outstanding capital stock, the bonds of such Rwy. Co. shall cease to be a legal investment, until such Co.



has complied with all the provisions of Sec. 22 of this act.

SEC. 38. Prior to the 1st day of Nov., 1913, the Bk. Coms. shall ascertain what bonds and other interest-bearing obligations are legal investments under the provisions of this act and shall also ascertain what bonds and obligations are then legal investments under the provisions of Sec. 36, and within the first 10 days of Nov., 1913, said Bk. Coms. shall send to each Sav. Bk. and to each Bk. and Tr. Co. having a Sav. Dept. a certificate, stating over their signatures that upon investigation they find that the bonds and obligations specified in one list in said certificate are authorized as legal investments by the provisions of this act, and that the bonds and obligations specified in a 2d list therein are authorized as legal investments under the provisions of Sec. 36.

SEC. 39. Within the first 10 days of the month of Nov., 1913, and of the months of May and Nov. in each year thereafter, said Bk. Coms. shall send to each Sav. Bk. and to each Tr. Co. having a Sav. Dept. a similar certificate.

SEC. 40. Said certificate shall be prima facie evidence of the correctness of the findings of said Coms., and shall so continue until the issuance of the next certificate of said Coms., or of an intermediate certificate correcting and changing the list of legal investments in the certificate last issued. The purchase of any bond or obligation specified in any such certificate made before said respective bonds or obligations are withdrawn or omitted by the Bk. Coms. in a subsequent certificate issued by them shall be a legal investment under this act.

SEC. 41. Any person financially interested in any finding of the Bk. Coms. as to any bond or obligation, may take an appeal therefrom to the superior court next to be holden at Hartford, which court shall have power to inquire into and render a judgment whether said bond or obligation comes within the provisions of this act as an authorized investment for Sav. Bks. In case of such an appeal due service thereof shall be made upon the Bk.



Coms. at least 12 days before the return day of said appeal.

SEC. 42. In the Secs. of this act which relate to R. R. bonds the word "debt" shall be construed to mean obligations issued or assumed, evidenced by a series of bonds or other interest-bearing instruments which mature at a time or times exceeding 3 years after their date, and the term "railroad corporation" shall be construed to mean a Corp. which owns or is in possession of and operating a R. R. or Rwy. of the class usually operated by steam power. St. Rwy. Corps. are not R. R. Corps. within the meaning of this act.

[The following paragraphs 8, 9, and 10, of Sec. 3428 of the Gen. Statutes are herewith published because of the provisions of Sec. 36 of Chap. 127 of the Public Acts of 1913:]

(8) in the bonds of any R. R. Co. organized under the laws of any of the states mentioned in this sec., and which bonds are secured by a 1st Mtg. as the only Mtg. security given by such R. R. Co. upon some portion of the R. R. owned by it, or given by a R. R. Co., a majority of the capital stock in which is owned by the R. R. Co. issuing such bonds, upon some portion of the R. R. owned by it but leased or operated by the R. R. Co. issuing such bonds, and which portion of such R. R. in either case shall be located wholly or in part in one or more of the states mentioned in this Sec., provided the entire R. R. of such Co. is located wholly within the U. S.; in the consolidated bonds of any R. R. Co. incorporated by this state and authorized to issue such bonds to retire the entire funded debt of such Co.; provided, that in every case such Co. shall have paid each year, for a period of not less than 5 years next previous to such investment, in addition to the interest on its funded indebtedness, dividends of not less than 4% per annum upon its entire capital stock outstanding; and provided further, that said outstanding capital stock at the time of such investment equals or exceeds in amount  $\frac{1}{3}$  of the entire outstanding issue

of such bonds; (9) in the bonds of the following-named R. R. Cos., viz.: Boston & Albany R. R. Co., Boston & Lowell R. R. Co., Boston & Maine R. R. Co., Concord & Montreal R. R. Co., Fitchburg R. R. Co., Harlem River & Portchester R. R. Co., Maine Central R. R. Co., New Eng. R. R. Co., N. Y. & New Eng. R. R. Co., N. Y., New Haven & Hartford R. R. Co., and Old Colony R. R. Co.; also the following securities: Central R. R. Co. of N. J., Gen. Mtg. 5% gold bonds, due July 1, 1987; Burlington, Cedar Rapids & Northern Rwy. Co. system, Cedar Rapids, Iowa Falls & Northwestern Rwy. Con. 1st Mtg. 5% bonds, due Oct. 1, 1921, and Burlington, Cedar Rapids & Northern Rwy. Co. Con. 1st Mtg. and Col. Tr. 5% bonds, due Apr. 1, 1934; Great Northern Rwy Co. system, St. Paul, Minneapolis, & Manitoba R. R. Co., Montana Extension, 4% bonds, due June 1, 1937; Pacific Extension Mtg. 4% bonds, due July 1, 1940; Montana Cent. Rwy. Co. 1st Mtg. 5% and 6% bonds, due July 1, 1937, and Wilmar & Sioux Falls Rwy. Co. 1st Mtg. 5% bonds, due June 1, 1938; Ill. Cent. R. R. Co. system, Chicago, St. Louis, and New Orleans R. R. Co. Con. Mtg. 5% and 3½% bonds, due June 15, 1951; Chicago & Northwestern Rwy. Co. system, Chicago, St. Paul, Minneapolis, & Omaha Rwy. Co., Con. Mtg. 6% bonds, due June 1, 1930, and in the Mtg. bonds heretofore issued which said Con. Mtg. 6% bonds are to retire at maturity; Chicago & Eastern Ill. R. R. Co., Gen. Con. and 1st Mtg. 5% bonds, due Nov. 1, 1937, and in the Mtg. bonds heretofore issued, which said Gen. Con. and 1st Mtg. 5% bonds are to retire at maturity; Minneapolis and St. Louis R. R. Co. 1st and Refd. Mtg. 4% bonds, due Mar. 1, 1949, and in the Mtg. bonds heretofore issued which said 1st and Refd. bonds are to retire at maturity; Milwaukee & Northern R. R. Co. Con. Mtg. 6% bonds, due June 1, 1913, and in the Mtg. bonds heretofore issued which said Con. 6% bonds are to retire at maturity; Atlantic Coast Line R. R. Co. 1st Con. Mtg. 4% gold bonds, due July 1, 1952, and in the Mtg. bonds heretofore issued which said 1st

Con. Mtg. bonds are to retire at maturity; Terminal R. R. Assoc. of St. Louis Gen. Mtg. Refd. 4% Sink. Fd. gold bonds of 1953, and in the Mtg. bonds heretofore issued which said Gen. Mtg. bonds are to retire at maturity; St. Louis, Iron Mountain & Southern R. R. Co., River & Gulf Div., 1st Mtg. 4% bonds, due May 1, 1933; Buffalo & Susquehanna R. R. Co. 1st Mtg. 4% gold bonds, due in 1951; (10) any Gen. or Con. Mtg. bonds issued by any of the following-named R. R. Cos. to retire all of the outstanding prior Mtg. bonds secured upon the property covered by such Gen. or Con. Mtg.: Chicago & Northwestern Rwy. Co., Chicago, Burlington & Quincy R. R. Co., Chicago, Milwaukee & St. Paul Rwy. Co., Chicago, Rock Island & Pac. Rwy Co., Chicago & Alton R. R. Co., Cleveland & Pittsburg R. R. Co., Lake Shore & Mich. South. R. R. Co., Mich. Cent. R. R. Co., Morris & Essex R. R. Co., N. Y. Cent. & Hudson Riv. R. R. Co., Penn. R. R. Co., St. Paul, Minneapolis & Manitoba Rwy. Co., Eastern Rwy. Co. of Minn., North. Div., and in the Mtg. bonds hitherto issued which such consolidated or Gen. Mtg. bonds are to retire at maturity; Louisville & Nashville R. R. Co., and in the Mtg. bonds hitherto issued which such Con. or Gen. Mtg. bonds are to retire at maturity; provided, that at no time within 5 years next preceding the date of such investment in such Gen. or Con. Mtg. bonds issued by any of the R. R. Corps. last named shall such R. R. Corp. have failed to pay regularly and punctually the principal, at maturity or as extended, and interest on all its Mtg. indebtedness, and, in addition thereto, dividends upon all its outstanding capital stock during the preceding 5 years; and provided further, that at the date of every such dividend the outstanding capital stock of such R. R. Corp. shall have been equal to at least  $\frac{1}{3}$  of the total Mtg. indebtedness of such R. R. Corp., including all bonds issued or to be issued under any Mtg. securing any bonds in which such investment shall be made. No bond of any R. R. Corp. named in this Sec. shall be a legal investment for a Sav. Bk. when such Corp., or the system of



which it is a part, shall fail to pay dividends on all of its capital stock; and this Sec. shall not be held to authorize any investment in the bonds of any Corp. operating its R. R. exclusively by any means other than steam as a motive power, or in the bonds of any street railway company.

Chap. 171 of the public acts of 1903 as amended by Chap. 184 of the public acts of 1905 is hereby amended to read as follows: Sav. Bks. may invest their deposits and surplus in the 1st Mtg. bonds of the Hartford St. Rwy. Co., and the Fair Haven and Westville R. R. Co., and in all bonds of the Con. Rwy. Co., and the Connecticut Rwy. and Light. Co.

SEC. 3439. No Sav. Bk. shall demand or receive on any loan, either as bonus, commission, or tax, or in any other way, directly or indirectly, more than 6% a year, and at that rate for a longer or shorter period; but the taking of interest in advance for a period not to exceed 6 months, and the reimbursement of any money paid by a Bk. for Ins. on property mortgaged to it, shall not be a violation of this section.

SEC. 3446. No officer, director, or trustee of a Sav. Bk. shall be a borrower, or surety for a borrower, of any of its funds, or receive any money or valuable thing, for negotiating, procuring, or recommending any such loan from such Sav. Bk., or for selling or aiding in the sale of any stocks or securities to such Sav. Bk. The word "director" or "trustee" as used in this Sec. shall not include any incorporator of any Bk. or Tr. Co. unless such incorporator shall have been elected as a director or trustee and shall have accepted such office.

#### STATE BANKS AND TRUST COMPANIES.

SEC. 35. All Bks. and Tr. Cos. maintaining a Sav. Dept., or soliciting or receiving deposits as savings, shall invest all such deposits so received according to the requirements of the Gen. statutes concerning the investment of deposits in Sav. Bks.; and said investments



shall be segregated and set apart and not mingled with other assets of such Bk. or Tr. Companies, \* \* \*

SEC. 8. \* \* \* Such Corp. \* \* \* may loan money secured by real estate Mtgs. located in this state or on personal security; it may purchase and hold real estate situated in this state, provided that not more than 25% of the capital, surplus, and undivided profits of any such Corp. shall be at any time invested in real estate and not more than 25% of its commercial deposits shall be loaned on real estate security, but this limitation shall not apply to funds held by any State Bk. or Tr. Co. in its Sav. Dept. \* \* \*

SEC. 3401.\* No State Bk. or Tr. Co. shall make any loan or discount on a pledge of its own stock, or establish any branch office, or agency thereof, or employ any agent or person to make loans or discounts at any other place than its banking house.

SEC. 3402. The total liabilities to any State Bk. or Tr. Co. of any person, Corp., or firm, for money borrowed, including in the liabilities of a firm the liabilities of the several members thereof, shall at no time exceed 10% of the amount of the capital stock of such Bk. or Tr. Co. actually paid in and its surplus and undivided profits combined; and the provisions of all State Bk. or Tr. Co. charters inconsistent herewith are hereby repealed. The provisions of this Sec. shall not apply to loans secured by collateral, so long as the market value of such collateral shall exceed by 20% the total liabilities secured in each case by such collateral, but no loan on collateral shall at any time exceed 20% of the amount of the capital stock of such Bk. or Tr. Co. actually paid in and its surplus and undivided profits combined, and the total loans to any one person, Corp., or firm, including in the liabilities of the firm, the liabilities of the several members thereof, shall at no time exceed 20% of

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\* SEC. 3401. Refers to specific pledge; not inconsistent with lien for stockholder's debt. 26 C. 157. Prohibition of loans on its stock implies prohibition of purchase of stock by Corp. 52. C. 99.

the capital, surplus, and undivided profits combined of such bank or trust company. \* \* \*

SEC. 3403. No State Bk. or Tr. Co. shall discount any paper made, accepted, or indorsed by any of its executive officers or clerks, or by any partnership of which any one of such officers or clerks is a member, nor make any loans, either with or without collateral security, to any such officer, clerk, or partnership, nor permit any such officer to overdraw his account \* \* \*

SEC. 3404. When the loans and discounts of any State Bk. or Tr. Co. to parties in this state shall, in the aggregate, amount to  $\frac{1}{2}$  of its capital stock, it may loan to parties out of this state, and not otherwise.

SEC. 3411. No director of any State Bk. or director or trustee of any Tr. Co. shall be obligated to any such Bk. or Tr. Co. to an amount exceeding 5% of its capital actually paid in and its surplus and undivided profits combined. The provisions of this Sec. shall not apply to loans secured by collateral, so long as the market value of such collateral shall exceed by 20% the total liabilities secured in each case by such collateral. The total loans to any director or trustee shall, at no time, exceed 10% of the capital stock of such Bk. or Tr. Co. actually paid in and its surplus and undivided profits combined. No such Bk. or Tr. Co. shall permit its directors or trustees to become obligated to it to an amount at any time exceeding in the aggregate the sum of 30% of its capital actually paid in and its surplus and undivided profits combined. \* \* \*

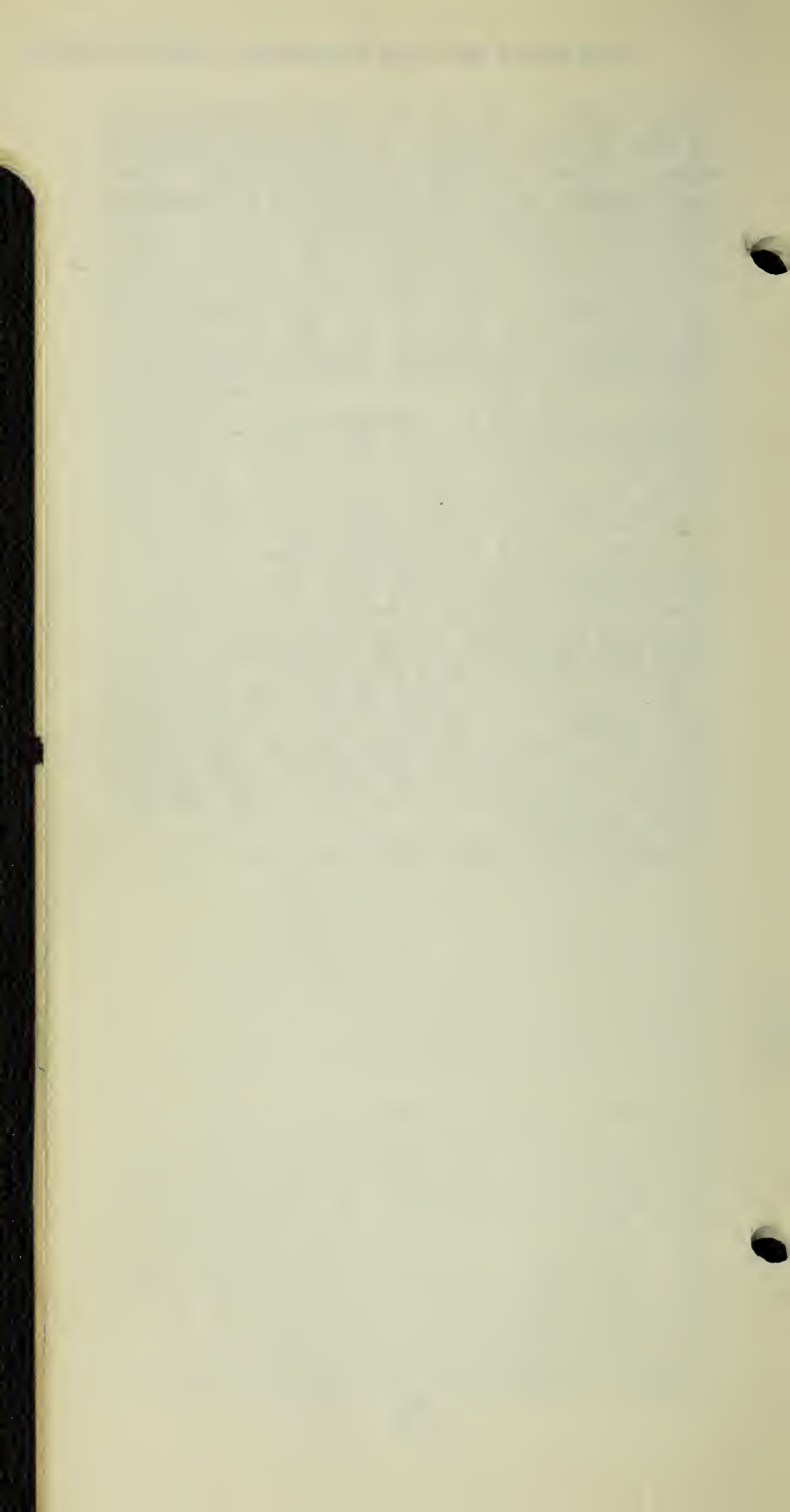
SEC. 3412. If any director of any State Bk. or any trustee or director of any Tr. Co., shall receive any compensation for indorsing any paper discounted by such Bk. or Tr. Co., he shall be fined not less than \$500 nor more than \$1,000 for each offense.

SEC. 3400. Every State Bk. and Tr. Co. shall at all times maintain a reserve fund of 15% of its aggregate deposits. Of this reserve fund, not less than  $\frac{4}{15}$ ths shall consist of gold and silver coin, the demand obliga-

tions of the U. S., or Nat. Bk. currency, and be held by such Bk. or Tr. Co. in its banking office. The remainder of such reserve fund may consist of balances subject to demand draft with reserve agents and of R. R. bonds which are legal investments for the Sav. Bks. of this state; *provided*, that such reserve agents shall be Bks. which are members of the Clg. House Assocs. of N. Y., Boston, Philadelphia, Chicago, or Albany, or Nat. Bkg. Assocs., State Bks. or Tr. Cos. located in New Haven, Hartford or Bridgeport, and in each instance approved by the Bk. Coms., and that the R. R. bonds, held as a part of such reserve, shall at no time exceed at par value 1-5th of the total reserve fund. Whenever the reserve fund of any State Bk. or Tr. Co. shall be below said 15%, such Bk. or Tr. Co. shall not make any new loans or discounts, or make any dividends of its profits, until its reserve fund is restored to the required 15%. \* \* \*

SEC. 5. This act shall in no way limit the right of any Tr. Co. to receive deposits and invest its funds upon such terms and conditions as are provided for in its charter, except as to deposits in its Sav. Dept. as provided by this act.

See also Sec. 3446 under Sav. Bks.









Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## ILLINOIS.

### SAVINGS BANKS.

(Strictly speaking, there are no Sav. Bks. in Ill. The banking act has been construed, however, as permitting State Bks. to operate Sav. Depts. See State Bks.)

### STATE BANKS.

SEC. I. \* \* \* It shall be lawful to form Bks. and banking associations, as hereinafter provided, for the purpose of discount and deposit, buying and selling exchange and doing a general banking business, excepting the issuing of bills to circulate as money, and such Bks. or banking associations shall have the power to loan money on personal and real estate security and to accept and execute trusts.

§ 9. Associations organized under this Act \* \* \* may own, possess and may carry as assets the real estate necessary in which to do its banking business, and such other real estate to which it may obtain title in the collection of its debts, but shall not carry in its assets any real estate except its banking house for a period of more than 5 yrs. after acquiring title to the same.

§ 10. The total liabilities to any association of any person or of any Corp. or firm for money borrowed, including in the liabilities of a Co. or firm the liabilities of the several members thereof, shall at no time exceed 15% of the amount of the capital stock of such association actually paid in and unimpaired and 15% of its unimpaired surplus fund.

PROVIDED, HOWEVER, that the total liabilities of any such person, Co. or firm, shall at no time exceed 30% of the amount of capital actually paid in; AND, PROVIDED

FURTHER, that undivided profits shall not be construed as a part of the surplus; but the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed.

Every such loan made in violation of the provisions hereof shall be due and payable according to its terms, and the remedy for the recovery of any money loaned in violation of the provisions hereof, or for the enforcement of any agreement, collateral or otherwise, made in connection with any such loan, shall not be held to be impaired, affected or prohibited by reason of such violation, but such remedy shall exist notwithstanding the same. But every director of any such association who shall violate, or participate in, or assent to such violation, or who shall permit any of the officers, agents or servants of the association to violate the provisions hereof, shall be held liable in his personal and individual capacity for all damages which the association, its shareholders or any other person shall have sustained in consequence of such violation.

It shall not be lawful for any Bk. to loan to its president or to any of its vice-presidents or its salaried officers or employes, or to Corps. or firms controlled by them, or in the management of which any of them are actively engaged, until an application for such loan shall have been first approved, both as to security and amount, by the board of directors.

### TRUST COMPANIES.

SEC. I. § 3. \* \* \* The amount of money which any such Corp. shall have on deposit at any time shall not exceed 10 times the amount of its paid up capital and surplus, and its outstanding loans shall not at any time exceed said amount.

§ 6. Each Co. in all cities and towns



of 100,000 inhabitants or more, before accepting any such appointment or deposit, shall deposit with the Auditor of Public Accounts the sum of \$200,000, and each Co. in all cities and towns of less than 100,000 inhabitants shall deposit with the Auditor of Public Accounts the sum of \$50,000, said deposit to be for the benefit of the creditors of said Co., and to consist of bonds of the U. S. or municipal bonds of this State, or in Mtgs. on improved and productive real estate in this State, being 1st liens thereon, and the real estate being worth at least twice the amount loaned thereon. Bonds and securities so deposited may be exchanged, from time to time, for other securities receivable as aforesaid. Said bonds of the U. S. or municipal bonds of this State to be registered in the name of said Auditor officially. \* \* \* So long as the Co. so depositing shall continue solvent, such Co. shall be permitted to receive from said Auditor the interest or dividends on said deposit.

(The amount of the deposit required may be increased or decreased by the Auditor of public accounts under certain conditions.)

§ 7. When any part of such deposit is made in bonds and Mtgs. it shall be accompanied by full abstracts of titles and searches, and shall be examined and approved by or under the direction of the Auditor. The fees for an examination of title by counsel, to be paid by the Co. making the deposit, shall not exceed \$20 for each Mtg., and the fee for each appraiser not exceeding two, besides expenses, shall be \$5 for each Mtg.



Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## INDIANA.

Corrected to January 1, 1911.

## BANKS OF DISCOUNT AND DEPOSIT.

## Chapter II.

SEC. 4. \* \* \* and may exercise, under this act, all the powers incidental and proper, or which may be necessary and usual in carrying on the business of banking as a Bk. of Discount and Deposit; may receive deposits, buy and sell exchange, gold and silver coin and bullion, and may loan money, negotiate, sell and guarantee such loans, and promissory notes, bonds, drafts, bills of exchange and other evidences of debt, and any securities thereof; \* \* \*

And such association may contract for, charge, take, reserve, and receive on loans and discounts, the highest rate of interest allowed by the law of this state to be contracted for, taken and received by individuals.

SEC. 12. It shall be lawful for any association organized under this act, to purchase, hold and convey real estate as follows:

1st. Such as shall be necessary for the immediate accommodation in the transaction of its business.

2d. Such as shall be mortgaged to it in good faith by way of security for debts.

3d. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

4th. Such as it shall purchase at sales, under judgments, decrees or Mtgs. held by such association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate in any other case or for any other purpose than as specified in this Sec., nor shall it hold the possession of any real

estate under Mtg., nor hold the title and possession of any real estate purchased to secure any debts to it for a longer period than 5 yrs.

### Chapter VIII.

(Acts 1905, p. 675.)

SEC. 3. Whoever, being president, director, cashier, teller, clerk, officer, or employee of any incorporated Bk., or of any firm, Corp., person or association doing a banking business, shall, in any way, obtain as a borrower any of the funds of such Bk., firm, Corp., person or association doing a banking business, without first executing his note or other evidence of debt therefor, bearing the written consent thereto of the board of directors of any such incorporated Bk., or the manager or managers of any other such firm, Corp., person or association doing a banking business, indorsed on such note or other evidence of debt, shall be deemed guilty of a felony \* \* \*

### SAVINGS BANKS.

#### Chapter V.

SEC. 19. It shall be lawful for the trustees of any Sav. Bk. to invest the money deposited therein only as follows, to wit: **1st, in the stocks or bonds or treasury notes of the U. S.; 2d, in the stocks or bonds of this state; 3rd, in the orders or bonds of any county, city or town in this state, issued pursuant to the authority of law; 4th, in the stocks or bonds of any state in the Union that has, for 5 yrs. previous to such investment being made, regularly paid the interest on its legal bonded debt in lawful money of the U. S.; 5th, in bonds or notes secured by Mtg. or unincumbered real estate situate in the county where the Bk. is located or in an adjoining county in an adjoining state (or in any other county in the state of Ind.) worth, exclusive of perishable improvements, at least twice the amount loaned thereon; 6th, in promissory notes or bills of exchange**



before their maturity, payable at some chartered Bk. within this state, and having not to exceed 12 mos. to run from the date of the loan or purchase, made or endorsed by two or more responsible freeholders, one of whom, at least, shall be a resident of the state of Ind.: PROVIDED, That no such note or bill shall exceed the sum of \$10,000, and that no more than \$10,000 shall be loaned on the same security; 7th, in real estate subject to the provisions of Sec. 24; 8th, in dealing in exchange, by purchasing and selling sight or time drafts payable out of this state: PROVIDED, That no such draft shall be for a larger sum than \$10,000, nor shall any time draft payable out of the state be so purchased which shall have at time of such purchase more than 60 days to run until it matures: AND PROVIDED, also, That not more than one draft shall be held by any such Bk., at any one time, which is secured by the same endorsers, or by any of the same endorsers.

(Acts 1903, p. 211.)

SEC. 20. It shall be lawful for the trustees of any Sav. Bk., while awaiting opportunity for the judicious investment of the funds deposited with them, to loan the moneys so deposited upon the security of the stocks and other securities mentioned in the preceding Sec., not exceeding 90% of the cash market value thereof.

SEC. 21. Should the stocks or other securities on which loans are made, pursuant to the provisions of the last preceding Sec., depreciate in value after making any loan thereon, it shall be the duty of the trustees to require the immediate payment of such loan made by them thereon, or additional security therefor, so that the amount so loaned shall at no time exceed 90% of the market value of such securities; and no loan shall be so made without an agreement from the borrower that the same shall be subject to the conditions of payment or of additional security, as required by this Sec.

SEC. 23. No loan shall be made upon the security of real estate, as provided in subdiv. 5 of Sec. 19, or upon notes or bills as provided in subdiv. 6 of said Sec., without the consent of the majority of the trustees, or the unanimous consent of the committee of investment, which may be created under the by-laws of such Bk.

SEC. 24. It shall be lawful for the trustees of any Sav. Bk. to purchase, hold and convey real estate as follows, and not otherwise:

1st. A lot and banking-house requisite for the transaction of its business, and for an income from such portions of the same as are not required for its own use.

2d. Such as shall have been mortgaged to it in good faith for money loaned, or upon which it shall have purchased a Mtg.

3d. Such as shall have been purchased at sales upon judgments or decrees obtained upon claims in favor of the Bk., or which may be so purchased to prevent loss upon claims held by the Bk.

SEC. 25. No banking house shall be erected or purchased by any Sav. Bk. until the estimated cost of the same, and of the income to be derived therefrom, shall be submitted to and approved by the auditor of state, nor shall the same cost to exceed 5% of the amount of deposits of such Bk.

SEC. 26. All such real estate as is described in subdivs. 2 and 3 of Sec. 24 shall be sold within 3 yrs. after the same has become vested in such Sav. Bk., if the same will bring the amount due on account thereof; and if it can not be sold for a sufficient sum for that purpose, the auditor of state may give such further time as he shall deem necessary in which to sell the same.

SEC. 27. It shall not be lawful for any Sav. Bk. to deal or trade in real estate in any other case or for any other purpose than as authorized in the 24th Sec. of this Act, or to deal or trade in any goods, wares or merchandise, except as herein authorized, and except such personal property as may be

necessary in the transaction of its business.

See also Chap. VIII under Banks of Discount and Deposit.

**LOAN, TRUST AND SAFE DEPOSIT  
COMPANIES.**

Chapter VI.

SEC. 10. Any such Corp. so organized and authorized to transact business shall have power and authority:

1st. To acquire, purchase, own, hold, use and improve and for that purpose to Mtg., lease, sell and convey such real estate and personal property as may be necessary for the convenient transaction of its business, and for the use and occupation of its officers, agents and employees, and the safe keeping of its assets, deposits and property held in trust. Any estate, or interest in real estate, which such Corp. shall acquire under or by virtue of the foreclosure of any deed of trust, Mtg. or other security, or by the compromise, compounding or settlement of any obligation or security, or otherwise, in the course of its legitimate business, whether as owner or trustee, it may continue to own, hold, use, occupy, lease, bargain, sell and convey the same, as the directors may deem best for the interests of such Co., or of the particular estate or trust to which the same belongs; and to that end it may become a purchaser at any foreclosure sale, or sale under decree or judgment, to which it is a party as trustee or otherwise, but no part of its capital, accumulations, deposits, trusts, funds, property or securities owned or held by such Co. in trust, or otherwise, shall be invested in real estate, except as herein authorized, unless the same is done under and by virtue of a particular contract, agreement or other instrument, which shall confer a special power and authority so to do, and then only with, and to the extent of, the moneys or funds thereby provided and belonging to such particular trust; and for the general transaction of its business to



make and deliver, and in like manner to accept and receive, all necessary and proper deeds, conveyances, Mtgs., leases and other contracts and writings obligatory, and to have and exercise all necessary rights, franchises, muniments, estate powers and privileges necessary to that end, and such Corp. is authorized to loan money and funds, and secure such loan by Mtg.; and shall have power to sell and assign such Mtgs. and other securities of such Corp., and to convert them into cash or other securities.

6th. The directors of any such Corp. shall have discretionary power to invest all moneys received by it on deposit or in trust in any such personal securities as are not hereinafter expressly prohibited; and it shall be held responsible for the owners, or cestui que trust, of such moneys, for the validity, regularity, quality, value and genuineness of all such investments and securities at the time the said investments are so made, and for the safe keeping of the evidences and securities thereof, but if any special direction, agreement or trust is imposed upon, made or conferred in and by the order, judgment or decree of any court, or by the terms and conditions of any last will and testament, or other document, contract, deed, conveyance or other written instrument, as to the particular manner in which, or the particular class or kind of securities, funds or property, whether real or personal, the same shall be invested in, then the said Corp. shall follow and carry out such order, judgment, decree or other appointment, contract, deed, conveyance or other written instrument, and in such case such company shall not be held liable or responsible for any loss, damage or injury which may occur or be incurred by any person or cestui que trust by reason of its performance of such trust as aforesaid.

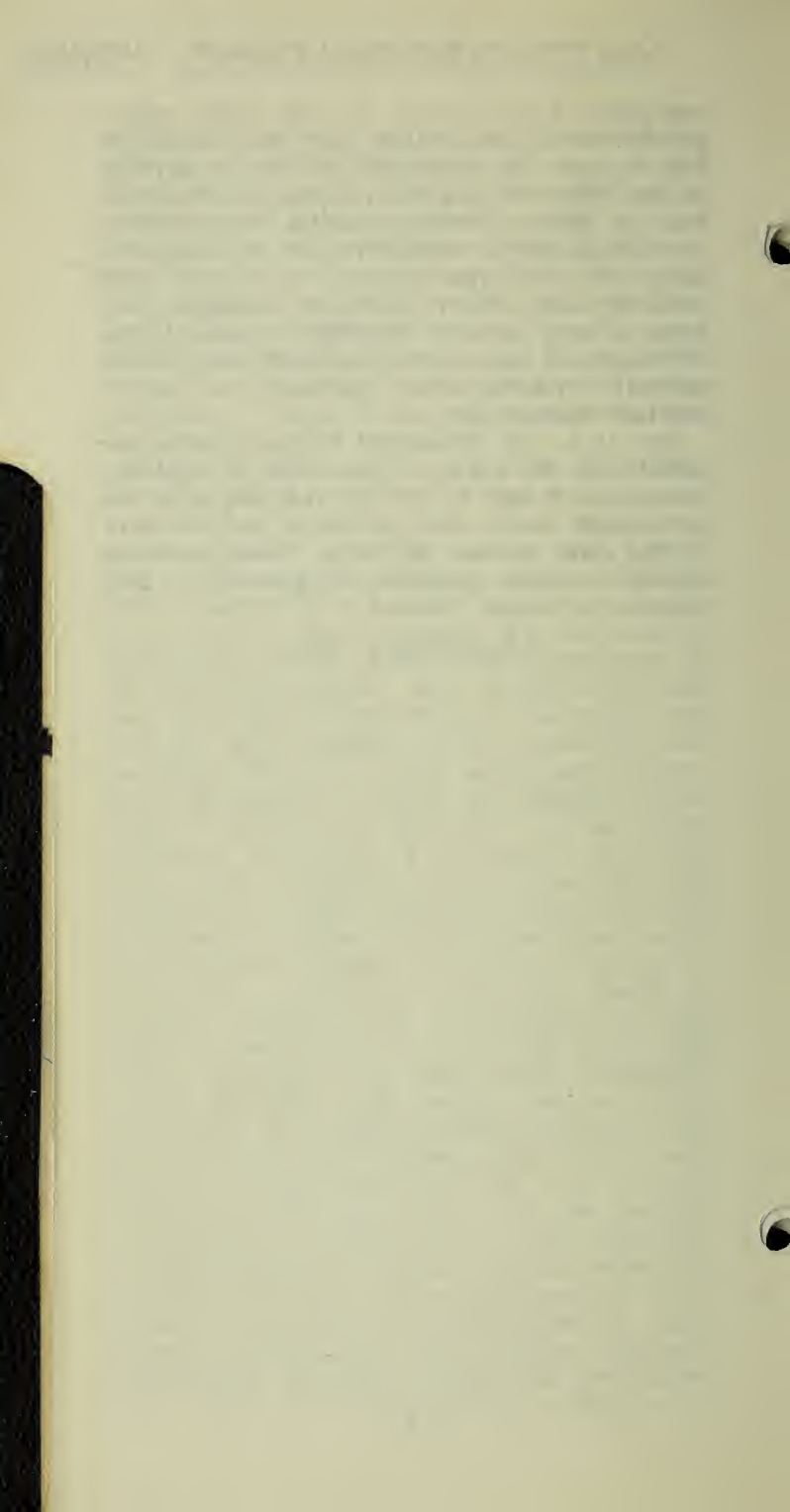
SEC. 13. No such Corp. shall engage in any banking, mercantile, manufacturing or other business, except such as is hereby expressly authorized: PROVIDED, That any promissory note, bond or instrument in writing made



negotiable by the laws of this state, when payable at a Bk. within this state, shall in like manner be negotiable if made payable at the office of any such Corp., it shall not loan its funds, moneys, capital, trust funds, or other property whatsoever, to any director, agent or employee, thereof, nor shall any such director, officer, agent or employee become in any manner indebted to said Corp. by means of any overdraft, promissory note, account, endorsement, guaranty, or other contract whatsoever.

SEC. 13 a. Be it enacted by the general assembly of the state of Ind., that it shall be unlawful for any \* \* \* Tr. and Dep. Co. incorporated under and pursuant to the laws of this state, to loan any of its funds, moneys, capital or other property whatsoever to any director or officer thereof.

(Acts 1899, p. 158.)



Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## IOWA.

## SAVINGS BANKS.

## Chapter 10.

## As amended 1913 Session

SEC. 1850. Each Sav. Bk. shall invest its funds or capital, all moneys deposited therein and all its gains and profits, only as follows:

1st. In bonds or interest-bearing notes or certificates of the United States.

2nd. In bonds or evidences of debt of this State, bearing interest.

3rd. In bonds or warrants of any city, town, county, Sch. Dist. or Drainage Dist. of this State, issued pursuant to the authority of law; but not exceeding 25% of the assets of the bank shall consist of such bonds or warrants.

4th. In notes or bonds secured by mortgage or deed of trust upon unincumbered real estate located in Iowa or adjoining States, worth at least twice the amount loaned thereon; provided, however, that no such loan shall be made upon any real estate located outside of Iowa, except real estate situated in any county adjoining the Iowa State line.

5th. It may discount, purchase, sell and make loans upon commercial paper, notes, bills of exchange, drafts or any other personal or public security, but shall not purchase, hold or make loans upon the shares of its capital stock.

6th. In all cases of loans upon real estate, all the expenses of searches, examinations and certificates of title, or the inspection of property, appraisals of value, and of drawing, perfecting, and recording papers, shall be paid by such borrowers; if buildings are included in the valuation of real estate upon which a loan shall be made, they shall be insured by the mortgagor for at least  $\frac{2}{3}$ rds of their value, in some sol-

vent Co., and the loss, if any, under the policy of Ins. shall be made payable to the bank or its assigns, as its interests may appear. When the mortgagor neglects to procure the Ins. as above provided, the mortgagee may procure the same in the mortgagor's name for its benefit, and the premium so paid therefor shall be added to the Mtg. debt.

SEC. 1851. A Sav. bank may purchase, hold and convey real estate only as follows:

1st. The lot and building in which its business is carried on.

2nd. Such as shall have been purchased at sales upon foreclosure of mortgages owned by it, or upon judgments or decrees obtained or rendered for debts due it, or such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings, or such as it may obtain by redemption as junior mortgagee or judgment creditor, and which shall be sold by said bank within 10 years after the title shall be vested in it.

## Chapter 12.

SEC. 1869. . . . No officer or employee of the bank shall in any manner, directly or indirectly, use its funds or deposits, or any part thereof, except for the regular business transactions of the bank, and no loan shall be made by it to them except upon the express order of the board of directors, made in the absence of the applicant, duly entered in the records of the board proceedings, and only upon the same security as required of others. . . .

SEC. 1870. The total liabilities to any Sav. or State bank of any person, Corp., Co. or firm, for money borrowed, including in the liabilities of a Co. or firm the liabilities of the several members thereof, shall at no time exceed 20% of the actually-paid up capital of such bank; provided that they may loan not to exceed  $\frac{1}{2}$  of their capital stock to any person, Corp., Co. or firm on notes or bonds secured by Mtg. or deed or trust upon unin-



cumbered farm land in this State, worth at least twice the amount loaned thereon; but the discount of bona fide bills of exchange drawn against actually existing value, and the discount of commercial or business paper actually owned by the person or persons, Corp., Co. or firm negotiating the same, shall not be considered money so borrowed.

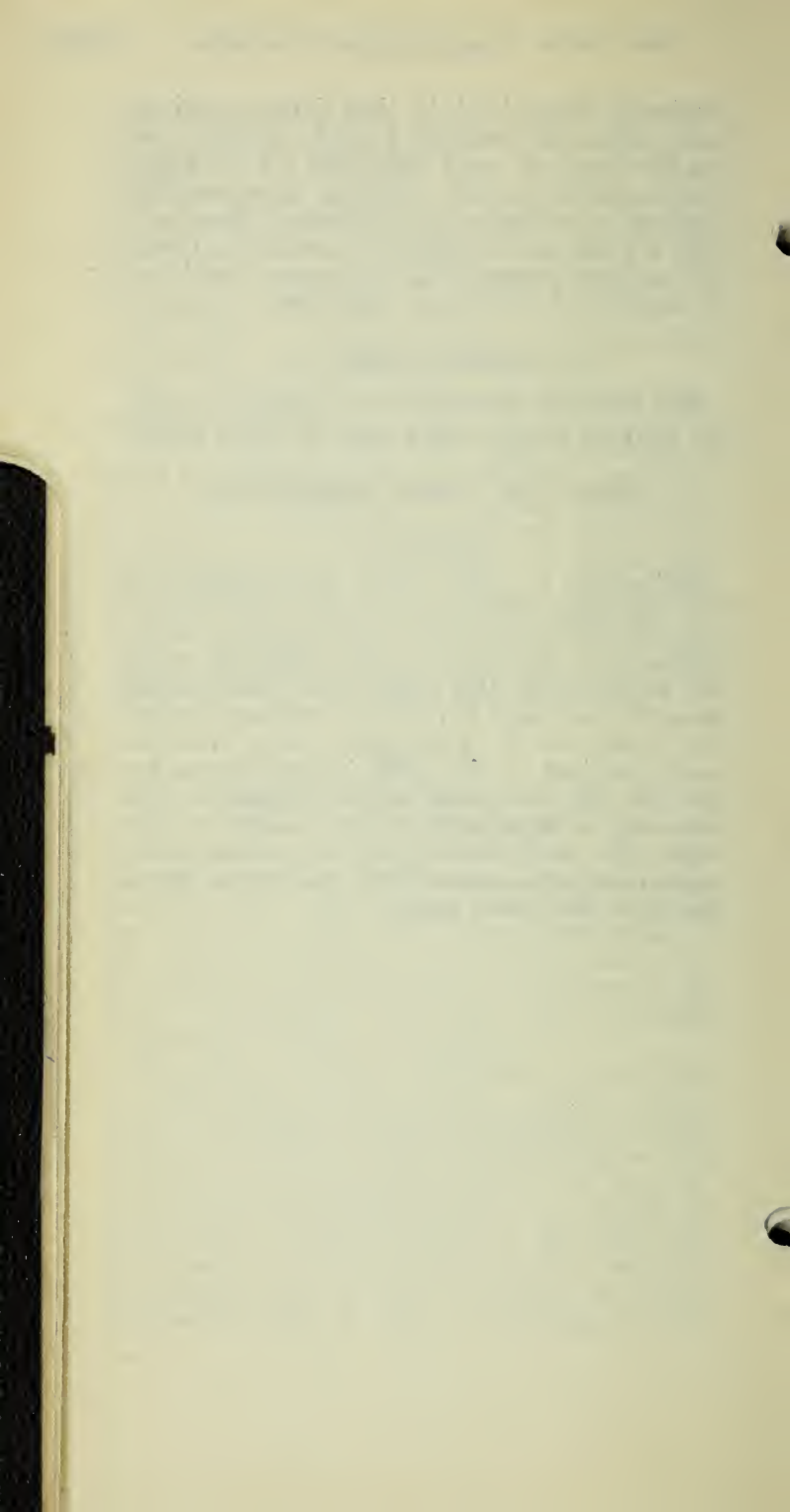
#### STATE BANKS.

See Sections 1869 and 1870, Chapter 12, under Savings Banks, which apply to State Banks.

#### LOAN AND TRUST COMPANIES.

##### Chapter 12.

SEC. 1889. . . . No Corp. shall engage in the banking business, receive deposits, and transact the business generally done by banks, unless it is subject to and organized under the provision of this title, or of the banking laws of the State heretofore existing, except that Loan and Tr. Cos. may receive time deposits, subject to the same limitations as are now or may hereafter be prescribed for the receiving of deposits by State banks, . . . but such Cos. shall be subject to examination, regulation and control of the Auditor of State, like Sav. and State banks. . . .



K





Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## KENTUCKY.

### SAVINGS AND COMMERCIAL BANKS.

SECTION 579. Powers; . . . to exercise, subject to law, such powers as may be necessary to carry on the business of banking by discounting and negotiating notes, drafts, bills of exchange, and other evidences of debt, and purchasing bonds, . . . buying and selling exchange, coin and bullion, and lending money on personal or real security, as provided in this article.

SECTION 581. No bank shall take as security for any loan or discount a lien upon any part of its capital stock, and the same surety, both in kind and amount, subject to the provisions of Section 583, shall be required from persons, stockholders and those not stockholders; nor shall any bank be the holder or purchaser of any part of its capital stock; unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; . . .

SECTION 582. A bank . . . may hold such personal property as has been transferred to it as collateral for the payment of any debt, and may acquire title to and hold such real estate as may be necessary for the transaction of its legitimate business, and for a period not longer than five years such other real estate as shall be conveyed

to it in satisfaction of debts previously contracted in the course of its business, or that it may purchase under a judgment in its favor.

SECTION 583. No bank shall permit any of its stockholders, or any person, company or firm, including in the liability of the company or firm the liability of the individual members thereof, directly or indirectly, to become indebted to it in a sum exceeding twenty per cent. of its capital stock actually paid in, and its actual amount of surplus, unless such borrower pledge with it good collateral security, or execute to it a mortgage upon real or personal estate, which at the time is of more than the cash value of such loan or indebtedness above all other incumbrances; and if the borrower is a director or officer of such bank, he shall not be permitted to become indebted to it in excess of ten per cent of its paid-up capital stock, without securing the access by the mortgage or pledge of real or personal property double in value the amount of such access; and in no event shall the indebtedness of any person, company or firm, including in the liability of the company or firm the liability of the individual members thereof, exceed thirty per cent of its paid-up capital and actual surplus.

#### TRUST COMPANIES.

SECTION 609. CAPITAL STOCK NOT TO BE TAKEN AS SECURITY. There are

the usual provisions regarding this which are practically the same as set forth in Section 581 under Savings and Commercial Banks.

SECTION 610. INDEBTEDNESS OF PERSON TO—HIGHEST AMOUNT PERMITTED. There are the usual provisions regarding this which are practically the same as set forth in Section 583 under Savings and Commercial banks, except that in place of *twenty* per cent. insert *ten*, and in the place of *thirty* per cent., insert *twenty*.

SECTION 612. No trust company hereafter organized shall engage in a banking business, or buy or sell bills of exchange. It may acquire title to and hold such real estate as may be necessary for the transaction of its legitimate business, and for a period not longer than five years such other real estate as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business, or that it may purchase under a judgment in its favor; but this shall not prevent such corporation from holding, operating or managing real estate for other persons.

SECTION 614. The capital stock of a trust company, and the funds in its possession, not held in a fiduciary capacity, may be invested in such manner as the directors deem prudent and safe; and the funds held in a fiduciary capacity shall be invested under the order of court, or in such manner as may be provided by law for the in-

vestment of other trust funds; and the capital stock shall be primarily liable for the obligations of the corporation in its fiduciary capacity.

COMBINED BANKS AND TRUST COMPANIES.

SECTION 612A. . . . that portion of said act relating to banks and banking shall apply to and govern the banking business of corporations provided for by this act, and that portion thereof relating to trusts and trust companies shall apply to and govern their trust business.



M



Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## MAINE

## SAVINGS BANKS.

Chap. 48 as amended in 1913.

SEC. 23. Sav. Bks. and Insts. for Sav. are restricted to and hereafter may invest their deposits as follows:

1st, a: In the public funds of the U. S. and Dist. of Col.

b: In the public funds of any of the New Eng. States and of the States of N. Y., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan., Neb., Calif., Ore. and Wash.

2d, a: In the bonds of the counties, cities and towns of any of the New England States.

b: In the bonds of cities and Dists. in the States of N. Y., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan., Neb., Calif., Ore. and Wash., having a population of 75,000 or more, when issued for municipal purposes and which are a direct obligation on all the taxable property therein.

c: In the bonds of counties of 20,000 inhabitants or more in the States of N. Y., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan., Neb., Calif., Ore. and Wash., when issued for municipal purposes, and which are a direct obligation on all the taxable property therein, except when issued in aid of R. Rs., *provided*, that the net municipal debt of such county does not exceed 5% of the last preceding valuation of the property therein for the assessment of taxes.

d: In the bonds of any city of 10,000 inhabitants or more in the States of N. Y., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan., Neb., Calif., Ore. and Wash., when issued for municipal purposes and which are a direct obligation on all the taxable property therein, except when issued in aid of R. Rs., *provided*, that the net municipal debt of such city does not exceed 5% of the last pre-

ceding valuation of the property therein for the assessment of taxes.

e: In the refunding bonds of counties and cities above enumerated issued to take up at maturity bonds which were legal and constitutional when issued, *provided*, that the interest has been fully paid on such original bonds for at least 5 years last prior to such refunding; *provided, further*, that such counties and cities can otherwise meet the foregoing conditions.

f: In the bonds and obligations of Sch. Dist. boards, boards of education and other corporate bodies within such cities, authorized to issue bonds payable primarily from taxes levied on all the taxable property in said Dist.; *provided*, that the population of the Dist. is 10,000 or more, and the population and assessed valuation of the Dist. are equal to at least 90% of the population and the assessed valuation of the city within which such Dist. is located; *provided, further*, that the net municipal debt of such Dist. does not exceed 5% of the last preceding valuation of the property therein for the assessment of taxes.

g: In the bonds or obligations of any municipal or quasi municipal corporation of this State, when such securities are a direct obligation on all the taxable property of said corporation.

3d, a: In the railroad bonds of this State.

b: In the 1st Mtg. bonds of any completed R. Rs. of the States of New Hamp., Vt., Mass., R. I., Conn., N. Y., N. J., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan. and Neb.

c: In the 1st Mtg. bonds of the Central Pacific, Union Pacific and Northern Pacific R. Rs.

d: In the Mtg. bonds of any R. R. leased to any dividend paying R. R. in New Eng. upon terms guaranteeing the payment of a regular stated dividend upon the stock of such leased road and the interest on its bonds.

e: Street R. R. Cos. are not R. R. Cos. within the meaning of the foregoing clauses of this Sec.



f: In the bonds of St. R. Rs. constructed in this state prior to Apr. 27, 1895, and in bonds of St. R. Rs. in this state constructed after said date, and in the 1st Mtg. bonds of any completed St. R. R. in the States of New Hamp., Vt., Mass., R. I., Conn., N. Y., N. J., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan. and Neb.; provided that in the case of St. R. Rs. constructed in this state after Apr. 27, 1895, and in the case of St. R. Rs. in the states above named, an amount of capital stock equal to  $33\frac{1}{3}\%$  of the mortgaged debt shall have been paid in, in cash, and expended upon the road evidenced by a certificate of the R. R. Commissioners of the state where the road is located, if they have jurisdiction over such R. Rs., or of the bank examiner of this state, filed in the office of the Secy. of State of this state, that said percentage has been paid in and expended in addition to the amount of the bonded debt; provided, further, that in lieu of the foregoing certificate such bonds may be certified as legal for the purpose hereof, on satisfactory proof to the bank examiner that annual dividends in amount equal to  $5\%$  per annum on an amount of capital stock equal to  $\frac{1}{3}$  of the bonded debt has been earned and paid for a period of 5 years next prior thereto; and the persons making such investigation and report may charge and collect in addition to any compensation now provided by law for their regular official duties, a reasonable compensation for such service and all expenses attendant thereon, including the employment of experts, the same to be paid by the R. R. Co. seeking to make its bonds a legal investment under this Sec., whether the same are admitted or not. No bonds secured by an open Mtg. shall be legal under this Sec. unless the Mtg. provides that the total amount of bonds certified and outstanding under it shall at no time exceed  $75\%$  of the amount of cash expended upon the road.

g: In consolidated or refunding bonds, which are of an issue to retire the entire

funded debt under the conditions as applied to 1st Mtg. bonds, in clauses b, c, and f, of this Subdiv., and which are secured by a 1st Mtg. on the whole or any part of the system.\*

4th: In the Mtg. bonds of any water Co. in the New Eng. States actually engaged in supplying any city or cities, town or towns, village or villages, or other municipal Corps. with water for domestic use and for the extinguishment of fires, whenever such Co. is earning more than its fixed charges and interest on its debts and its running expenses.

5th: In bonds of any Corp. other than R. R. and water Cos., incorporated under the authority of this State, and actually conducting in this State the business for which such Corp. was created, which is earning an amount in excess of fixed charges, interest on its debts and running expenses equivalent to 5% per annum on an amount of capital stock equal to  $\frac{1}{2}$  of its entire funded debt.

6th, a: In the stock of any bank or banking Asso. incorporated under the authority of the State.

b: In the stock of any bank or B'k'g Asso. incorporated under the authority of the U. S., if located within the New Eng. States.

c: In the stock of any R. R. Co. of this State unencumbered by mortgage.

d: In the bonds, stocks or notes of any R. R. in New Eng., which has earned and paid an annual dividend equivalent to 5% on a capital stock equal to  $\frac{1}{3}$  of its funded debt for a period of 10 years next prior thereto, and in the stock or notes of the New York Central and Hudson River, the Illinois Central, the

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\* The following extract is taken from a letter from the Bank Examiner of the State of Maine, dated April 24, 1907:

“My . . . construction of it (Clause g) is that it makes the consolidated and refunding bonds of steam railroads located in the states mentioned in clauses ‘b’ and ‘c,’ and the consolidated and refunding bonds of street railroads located in the states and subject to the conditions as to amount of capital stock paid in and invested, all as provided in clause ‘f,’ legal investments for the savings banks.

Lake Shore and Michigan Southern, and the Pennsylvania Railroad Companies.

e: In the stock of any R. R. leased to any dividend paying R. R. in New Eng. upon terms guaranteeing the payment of a regular stated dividend upon the stock of such leased road and the interest on its bonds.

f: In the stock of any Corp., other than R. R. and water Cos., incorporated under authority of this State, and actually conducting in this State the business for which such Corp. was created, which earns and is paying a regular dividend of not less than 5% a year.

7th, a: In loans secured by 1st Mtgs. of real estate in this State and New Hamp. to an amount not exceeding 60% of the value of such real estate.

b: In notes with a pledge as collateral of any funds, bonds, notes or stocks which the bank or institution would, by this section, be authorized to purchase, provided the market value of said collateral is equal to the amount of the loan.

c: In notes with a pledge as collateral of any savings bank deposit book issued by any savings bank in this State.

d: In notes with a pledge as collateral of such funds, bonds, notes or stocks as in the judgment of the trustees it is safe and for the interest of the bank to accept, to an amount not exceeding 75% of the market value of such funds, bonds, notes or stocks.

e: In loans to any municipal Corp. in this State.

f: In loans secured by a mortgage of such personal property as in the judgment of the trustees it is safe and for the interest of the bank to accept.

g: In loans to any Corp. owing real estate in this State and actually conducting in this State the business for which such Corp. was created.

8th, a: The term "net municipal indebtedness of counties" as used in this section shall be construed to include all bonds which are a direct obligation of the county, less the amount

of any sinking fund available in reduction of such debt.

b: The term "net municipal indebtedness of cities and districts" as used in this section shall be construed to include in the case of either, not only all bonds which are a direct obligation of the cities but also all bonds of the districts or boards within the same as above enumerated, exclusive of any such debt created for a water supply and of the amount of any sinking fund available in reduction of such debt.

c: The number of inhabitants of cities and counties shall be determined by the last previous official census thereof as established by the last U. S. or State census, or city or county census taken in the same manner as U. S. or State census, and duly certified to by the clerk or treasurer of such city or the auditor or treasurer of such county.

gth: All investments having a fixed maturity shall be charged and entered on the books of the bank at their cost to the bank, or at par when a premium is paid. The Bk. Examiner may require any investment to be charged down to such sum as in his judgment represents its fair value. He may at any time call for a report of the financial condition of any Corp. offering, or likely to offer, its bonds, stocks or notes to any Sav. Bk. in the State, or whose notes are held by any such Sav. Bk., as much in detail as he may require, verified by the oath of such officers of said Corp. as he may specify. He may communicate any such report, or an abstract thereof, to the officers, of any of said Sav. Bks. If such report is not furnished the Bk. Ex. within the time specified in his call therefor, or within such extension of time as he may grant, the bonds, stocks and notes of such Corp. shall thereupon cease to be a legal investment for Sav. Bks. under this Sec., and shall not again become a legal investment until a report in all respects satisfactory to the Bk. Ex. is furnished. . . .

SEC. 24. Any such bank or institution may



hold real estate in the city or town in which such bank or institution is located, to an amount not exceeding 5% of its deposits or to an amount not exceeding its reserve fund.

SEC. 25. No such bank or institution shall hold by way of investment, or as security for loans, or both, more than 1-5 of the capital stock of any Corp., nor invest more than 10% of its deposits in the capital stock, or notes of any Corp., nor have more than 50% of its deposits in Mtgs. of real estate. This Sec. and the two preceding do not apply to real estate, or other assets, acquired by the foreclosure of a Mtg. thereon, or upon judgment for debts, or in settlements to secure debts. This Sec. does not apply to bonds enumerated in the first 5 subdivs. of Sec. 23 of this Chap.

SEC. 27. . . . No loan shall be made directly or indirectly to any officer of the corporation, or to any firm of which such officer is a member.

SEC. 40. . . . Parties making a loan from a Sav. Bk. shall pay all expenses incurred by reason thereof.

### TRUST COMPANIES.

SEC. 80. Cash Reserve. . . . and  $\frac{1}{3}$  of said 15% may consist of the bonds of the U. S., the Dist. of Col., and any of the New Eng. States and the States of N. Y., Penn., Md., Ohio, Ind., Ky., Mich., Wis., Minn., Iowa, Ill., Mo., Kan. and Neb., the absolute property of such Corp. . . .

SEC. 82. No Tr Co. shall make any loan to its directors, officers, agents or other persons in its employ, or on which any such director, officer, agent or employee is an endorser, guarantor or surety, or to any firm or business syndicate of which such director, officer, agent or employee is a member, or to any person or on the endorsement or guaranty of any person who is a partner of, or member of a business syndicate with, such director, officer, agent or employee, or to any Corp. of which any such director, officer, agent or em-



ployee is a director, officer, superintendent or manager, until the proposition to make such loan shall have been submitted by the person desiring the same to the board of directors of such Co., or to the executive committee thereof, if any, and accepted and approved by a majority of the entire membership of such board or committee; provided, however, that no director of such Co. who is interested in said loan in any of the above capacities, or who is connected or associated with the borrower in any of the above ways, shall be regarded as voting in the affirmative on such loan. Such approval, if the loan is made, shall be spread upon the records of the Co.; and this record shall, in every instance, give the names of the directors authorizing the loans. Nothing in this Sec. or in Sec. 16 of this act shall make it unlawful for a Tr. Co. to give any person, firm, syndicate or Corp. a line of credit to an amount not exceeding 25% of its total capital, unimpaired surplus and net undivided profits, subject to the several restrictions as to percentage of entire board and right of interested persons to vote on same contained in said Secs. The records of the Co. shall show how every director voted on the same, and when such line of credit is given the treasurer may pay out loans in accordance therewith without further approval. A line of credit so given shall expire in 6 months unless renewed in the same manner in which it is originally given.

SEC. 83. Such Corps. shall not make loans or discounts on the security of the shares of their own capital stock, nor be the purchasers or holders of any such shares unless necessary to prevent loss upon a debt previously contracted in good faith; . . .

An Act additional to and amendatory of Chap. 48 of the Revised Statutes of the State of Maine, as amended, relating to the organization and management of Trust Companies, 1907

SEC. I. Powers . . . 2d, to borrow money, to loan money on credits, or real estate, or

personal security, and to negotiate loans and sales for others; . . . 4th, to hold and enjoy all such estate, real, personal and mixed as may be obtained by the investment of its capital stock or any other moneys and funds that may come into its possession in the course of its business and dealings, and the same sell, grant, and dispose of; . . .

SEC. 16. No Tr. Co. shall loan to any person, firm, business syndicate, or Corp., an amount or amounts, at any time outstanding in excess of 10% of its total capital, unimpaired surplus and net undivided profits, except on approval of a majority of its entire investment board, unless secured by collateral, nor in excess of 25% thereof, except on such approval and secured by collateral, which in the judgment of said majority of said investment board shall be of a value equal to the excess of said loan above said 25%; provided, that in determining said amount every person, firm, syndicate or Corp. appearing on any loan as endorser, guarantor or surety, shall be regarded as an original promissor. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed. Provided, however, that any such Co. now having loans outstanding in excess of any of the aforesaid restrictions may permit the same to be renewed from time to time as they mature, for periods not exceeding 6 months each, if an amount equal to not less than 10% of every loan so maturing shall have first been paid in in cash, and if an equivalent amount shall be paid in at the end of every 6 months on all demand loans in such aggregate.



Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## MASSACHUSETTS

### SAVINGS BANKS.

Corrected to and including 1912 Session.

SEC. I. \* \* \* Whenever used in this act, the words "savings banks," and, unless the context otherwise requires, the words "such corporations"; mean Sav. Bks. and Insts. for Sav., incorporated as such in this Commonwealth.

SEC. 31. \* \* \* The board (of Investment) shall approve all loans made by the Corp., all changes in the property or security pledged or the rates of interest charged therefor, and all purchases or sales of bonds, stocks and notes, and shall perform such other duties as the by-laws may prescribe. A record shall be made at each meeting of the transactions of the board and the names of those present. The members of said board may approve changes of collateral on loans made under the provisions of subdiv. *e* of clause 7th of Sec. 68 either by a vote of said board or by signing a statement setting forth all such changes.

SEC. 44. No president, treasurer, member of a Bd. of Inv. or officer of such Corp. charged with the duty of investing its funds shall borrow or use any portion thereof, be surety for loans to others or, directly or indirectly, whether acting individually or as trustee holding property in trust for another person, be an obligor for money borrowed of the Corp.; and if such member or officer hereafter, either individually or as trustee holding property in trust for another person, becomes the owner of real estate upon which a Mtg. is held by the Corp., his office shall become vacant at the expiration of 60 days thereafter unless he has ceased to



be the owner thereof or has caused said Mtg. to be discharged or assigned. The provisions of this Sec. shall not apply to any loans now held by such Corp., or to renewals thereof, or to the deposit of money, as provided in Sec. 68, in Bks. or Tr. Cos. of which one or more trustees or officers of such Corp. are directors.

SEC. 45. Such Corp. or a person acting in its behalf, shall not directly or indirectly negotiate, take or receive a fee, brokerage, commission, gift or other consideration for or on account of a loan made by or on behalf of such Corp., other than appears on the face of the note by which such loan purports to be made; but the provisions of this Sec. shall not apply to a reasonable charge for services in the examination of real estate or titles, and the preparation of conveyances to such Corp. as security for its loans. \* \* \*

SEC. 68. Deposits and the income derived therefrom shall be invested only as follows:—

1st. In 1st Mtgs. of real estate situated in this Commonwealth not to exceed 60% of the value of such real estate; but not more than 70% of the whole amount of deposits shall be so invested. If a loan is made on unimproved and unproductive real estate, the amount loaned thereon shall not exceed 40% of the value of such real estate. No loan on Mtg. shall be made except upon written application showing the date, name of applicant, amount asked for and security offered, nor except upon the report of not less than 2 members of the Bd. of Inv. who shall certify on said application, according to their best judgment, the value of the premises to be mortgaged; and such application shall be filed and preserved with the records of the Corp.

At the expiration of every such loan made for a period of 5 or more yrs. not less than 2 members of the Bd. of Inv. shall certify in writing, according to their



best judgment, the value of the premises mortgaged; and the premises shall be revalued in the same manner at intervals of not more than 5 yrs. so long as they are mortgaged to such Corp. Such report shall be filed and preserved with the records of the Corp. If such loan is made on demand or for a shorter period than 5 yrs., a revaluation in the manner above prescribed shall be made of the premises mortgaged not later than 5 yrs. after the date of such loan and at least every 5th yr. thereafter. If at the time a revaluation is made the amount loaned is in excess of 60%, or in the case of unimproved and unproductive real estate in excess of 40%, of the value of the premises mortgaged, a sufficient reduction in the amount of the loan shall be required, as promptly as may be practicable, to bring the loan within 60%, or in the case of unimproved and unproductive real estate within 40%, of the value of said premises.

2d. *a.* In the public funds of the U. S., or of any of the New Eng. states.

*b.* In the bonds or notes of a county, city or town of this Commonwealth.

*c.* In the bonds or notes of an incorporated Dist. in this commonwealth whose net debt does not exceed 5% of the last preceding valuation of the property therein for the assessment of taxes.

*d.* In the bonds or notes of any city of Maine, New Hamp., Vt., R. I. or Conn., whose net debt does not exceed 5% of the last preceding valuation of the property therein for the assessment of taxes; or of any county or town of said states whose net debt does not exceed 3% of such valuation; or of any incorporated water Dist. of said states which has within its limits more than 5,000 inhabitants, and whose bonds or notes are a direct obligation on all the taxable property of such Dist, and whose net debt does not exceed 3% of such valuation.

*e.* In the legally authorized bonds of the states of N. Y., Penn., Ohio, Ind., Ill., Mich., Wis., Minn., Mo. and Iowa, and of the Dist. of Col., and in the legally authorized bonds for municipal purposes, and in the refunding bonds issued to take up at maturity bonds which have been issued for other than municipal purposes, but on which the int. has been fully paid, of any city of the aforesaid states which has at the date of such investment more than 30,000 inhabitants, as established by the last Nat. or state census, or city census certified to by the city clerk or Treas. of said city and taken in the same manner as a national or state census, preceding such investment, and whose net debt does not exceed 5% of the valuation of the taxable property therein, to be ascertained by the last preceding valuation of property therein for the assessment of taxes.

*f.* In the legally authorized bonds of the states of Cal., Del., Neb., N. J., Ore. and Wash., and in the legally authorized bonds for municipal purposes or in ref'd. bonds which have been issued for other than municipal purposes, but on which the interest has been fully paid, of any city of the states of Cal., Conn., Del., Ill., Ind., Iowa, Ky., Mass., Maine, Md., Mich., Minn., Mo., Neb., N. H., N. J., N. Y., Ohio, Ore., Penn., R. I., Vt., Wash. and Wis., which has at the date of such investment more than 100,000 inhabitants, established in the same manner as provided in subdiv. (*e*) of this clause, and whose net debt does not exceed 7% of the valuation of the taxable property therein, established and ascertained as provided in subdiv. (*e*) of this clause. (Clauses *e* and *f* take effect July 1, 1912.)

*g.* In subdivs. *d*, *e* and *f* of this clause the words "net debt" mean the debt of a county, city, town or Dist., omitting debts created for supplying the inhabitants with water and debts created in anticipation of taxes to be paid within 1 yr., and deducting the amount of sinking funds available for the payment of the debt included.

3d. *a.* In the bonds or notes, issued according to the laws of this Commonwealth, of a R. R. Corp. incorporated therein the R. R. of which is located wholly or in part therein, which has paid in dividends in cash an amount equal to not less than 4% per annum on all its outstanding issues of capital stock in each fiscal year for the 5 yrs. next preceding such investment, or in the 1st Mtg. bonds of a terminal Corp. incorporated in this commonwealth and whose property is situated therein; which is owned and operated, or the bonds of which are guaranteed as to principal and interest, or assumed, by such R. R. Corp. Any shares of the capital stock of a R. R. Corp. leased to such R. R. Corp., which are owned by said lessee Corp., shall not be considered as outstanding within the meaning of this subdiv.

*b.* In the bonds of a R. R. Corp. incorporated in any of the New Eng. states, at least  $\frac{1}{2}$  of the R. R. of which is situated in said states, whether such Corp. is in possession of and is operating its own road or is leased to another R. R. Corp.: *provided*, either that such bonds shall be secured by a 1st Mtg. of the whole or a part of the R. R. and R. R. property of such Corp., or that if the R. R. and R. R. property of such Corp. are unincumbered by Mtg. such bonds shall be issued under the authority of one of said states which provides by law that no such R. R. Corp. which has issued bonds shall subsequently execute a Mtg. upon its road, equipment and franchise or upon any of its real or personal property, without including in and securing by such Mtg. all bonds previously issued and all its pre-existing debts and liabilities, which provision, so enacted in each state, shall have been accepted by the stockholders of such Corp.; and *provided*, that such Corp. has paid in dividends in cash an amount equal to not less than 4% per annum on all its outstanding issues of capital stock in each

fiscal year for the 5 yrs. next preceding such investment.

c. In the 1st Mtg. bonds of a R. R. Corp. incorporated in any of the New Eng. states, the R. R. of which is situated wholly or in part therein, which have been guaranteed as to principal and interest or assumed by a R. R. Corp. described in subdivs. *a* or *b* which is in possession of and is operating its own road;

d. In the Refd. Mtg. bonds, as described in subdiv *g*, of a R. R. Corp. described in subdiv. *b* or *c*; *provided*, that no bonds shall be made a legal investment by subdivs. *b*, *c* or *d* unless the Corp. which issued, assumed or guaranteed such bonds has, during its fiscal year next preceding the date of such investment, paid in dividends on its capital stock an amount equal, in the case of bonds which it has issued or assumed, to  $\frac{1}{3}$ rd the total amount of interest paid on all its direct and assumed funded debt, and in the case of bonds which it has guaranteed, to  $\frac{1}{3}$ rd the total amount of interest paid on all its direct, assumed and guaranteed funded debt.

e. In the Mtg. bonds, as described in any of the following subdivs. of this clause, of any R. R. Corp. incorporated under the laws of any of the U. S.:—

*Provided*, that during each of the 10 fiscal yrs. of such R. R. Corp. next preceding the date of such investment,—

(1) Such R. R. Corp. owned in fee not less than 500 miles of standard gauge R. R., exclusive of sidings, within the U. S., or if such Corp. owned in fee less than 500 miles of such R. R., the gross earnings of such Corp., reckoned as hereinafter provided, shall have been not less than \$15,000,000;

(2) Such R. R. Corp. shall have paid the matured principal and interest of all its Mtg. debt;

(3) Such R. R. Corp. shall have paid in dividends in cash to its stockholders



an amount equal to at least 4% upon all its outstanding capital stock;

(4) The gross earnings from the operation of the property of such R. R. Corp., including therein the gross earnings of all R. Rs. leased and operated or controlled and operated by said Corp., and the gross earnings from the sale of coal from mines owned or controlled by it, shall not have been less in amount than 5 times the amount necessary to pay the interest payable upon its entire outstanding debt, the rentals of all leased lines, and the interest on all the outstanding debt of R. Rs. controlled and operated which is not owned by said Corp. after deducting from said interest and rentals interest and dividends received from the stocks, bonds or notes of R. R. Corps. not operated by said Corp., which have been deposited with a trustee as the only security to secure the payment of bonds or notes issued by said Corp., but not in excess of the interest on said last-named bonds or notes;

And further *provided, that,* —

(5) No bonds shall be made a legal investment by subdiv. *g* in case the Mtg. securing the same shall authorize a total issue of bonds which, together with all outstanding prior debts of the issuing or assuming Corp., including all bonds not issued that may legally be issued under any of its prior Mtgs. or of its assumed prior Mtgs., after deducting therefrom, in case of a Refd. Mtg., the bonds reserved under the provisions of said Mtg. to retire prior lien debts at maturity, shall exceed 3 times the outstanding capital stock of said Corp. at the date of such investment.

(6) No bonds shall be made a legal investment by subdiv. *i* or *j* in case the Mtg. securing the same shall authorize a total issue of bonds which, added to the total debt of the guaranteeing Corp. as defined in paragraph 5, including therein the authorized amount of all previously guar-



anteed bond issues, shall exceed 3 times the capital stock of such guaranteeing Corp. outstanding at the date of such investment; nor in case at said date the total debt of the Corp. which issued said bonds shall exceed 3 times its outstanding capital stock.

In the case of a Mtg. executed prior to the passage of this act, under which the total amount of bonds which may be issued is not specifically stated, the amount of bonds outstanding thereunder at the date of such investment shall be considered, for the purposes of paragraphs 5 and 6, as the total authorized issue.

(7) Any R. R. Corp. which is mentioned in subdiv. *c* of clause 4th of Sec. 26 of Chap. 113 of the Revised Laws shall be considered as having complied with all the requirements of this subdiv. preceding paragraph 5 up to and including the fiscal yr. of said Corp. in which this act is passed.

*Definition of First Mortgage.*—*f.* Whenever the term "first mortgage" is used in the following subdivs., it shall mean, unless otherwise qualified, a 1st Mtg. on not less than 75% of the R. R. owned in fee at the date of the Mtg. by the R. R. Corp. on the R. R. of which said Mtg. is a lien, but in no case on less than 100 continuous miles of standard gauge R. R., exclusive of sidings: *provided*, that,—

75% of the R. R. subject to the lien of said Mtg. is connected;

For 5 yrs. prior to the date of investment therein all the R. R. subject to the lien of said Mtg. at the date of execution thereof has been operated by, and its operations included in, the operations of the R. R. Corp. which issues, assumes or guarantees said bonds;

The date of said Mtg. is at least 5 yrs. prior to the date of such investment; except that a 1st Mtg. given in substitution for and not greater in amount than such a 1st Mtg., and covering the same R. R. prop-

erty, shall be considered to be in accordance with this requirement.

*Direct Obligations.*—g. Bonds issued or assumed by a R. R. Corp. described in subdiv. c, which are secured by a Mtg. which was at the date thereof or is at the date of such investment:—

(1) A 1st Mtg. on R. R. owned in fee by the Corp. issuing or assuming said bonds, except that, if it is not a 1st Mtg. on 75% of all such R. R. owned in fee by said Corp., it shall be a 1st Mtg. on at least 75% of the R. R. subject to the lien of said Mtg. at the date thereof; but if any stocks or bonds are deposited with the trustee of said Mtg. as part security therefor, representing or covering R.R. mileage not owned in fee, the bonds secured by said Mtg. shall not become legal investments unless said Corp. owns in fee at least 75% of the total mileage which is subject to the lien of said Mtg. and which is represented or covered by said stocks or bonds;

(2) A 1st Mtg., or a Mtg. or trust indenture which is in effect a 1st Mtg. upon all the R. R. subject to the lien of said Mtg. or trust indenture by virtue of the irrevocable pledge with the trustee thereof of an entire issue or issues of bonds which are a 1st lien, upon the R. R. of a R. R. Corp. which is owned and operated, controlled and operated or leased and operated by the Corp. issuing or assuming said bonds;

(3) A Refd. Mtg. which covers at least 75% of the R. R. owned in fee by said Corp. at the date of said Mtg. and provides for the retirement of all outstanding Mtg. debts which are a prior lien upon said R. R. owned in fee and covered by said Refd. Mtg. at the date thereof; but if any of the bonds which said Refd. Mtg. is given to refund are secured on a R. R. not owned in fee by the Corp. executing said Refd. Mtg., there shall be conveyed and assigned to the trustee of said Refd. Mtg. either

At least 75% of the R. R. on which each issue of bonds to be refunded is secured.

free from any Mtg. lien except that of the Mtg. or Mtgs. securing the bonds to be refunded, or

At least 75% of the outstanding bonds of each issue which is secured by a Mtg. lien upon such R. R.; and all of said R. R. not owned in fee which is so subjected to the lien of said Refd. Mtg. shall be the R. R. of one or more R. R. Corps. which are owned and operated, controlled and operated, or leased and operated by the Corp. issuing or assuming said Refd. Mtg. bonds; but in no case shall the bonds secured by said Refd. Mtg. become a legal investment unless they mature at a later date than any bonds which said Refd. Mtg. is given to refund, nor unless the total mileage subjected to the lien of said Refd. Mtg. in accordance with the requirements of this paragraph is at least 25% greater than the mileage covered by any one of the Mtgs. securing bonds which said Refd. Mtg. is given to refund.

(4) A Mtg. upon not less than 10% of the R. R., exclusive of sidings, owned in fee at the date of said Mtg. by the Corp. issuing or assuming said bonds, but in no case on less than 500 continuous miles of standard gauge R. R.: *provided*, that,—

Said Mtg. is a 1st or 2d lien upon not less than 75% of the total R. R. covered by said Mtg. at the date thereof, and which provides for the retirement of all Mtg. debts which are a prior lien upon said R. R. owned in fee and covered by said Mtg., at the date of the execution thereof;

The bonds secured by said Mtg. mature at a later date than, and cover a mileage at least 25% greater than is covered by, any of the bonds secured by a prior lien Mtg. so to be retired;

The date of said Mtg. shall be at least 5 yrs. prior to the date of such investment.

*Bonds Underlying Refd. Mtgs.*—*h.* Mtg. bonds or bonds secured by Mtg. bonds which are a direct obligation of, or which have been assumed, or which have been

guaranteed by endorsement as to both principal and interest, by a R. R. Corp. whose Refd. Mtg. bonds are made a legal investment under paragraphs 3 or 4 of subdiv. *g*: *provided*, that:—

Said bonds are prior to and are to be refunded by such Refd. Mtg.;

Said Refd. Mtg. covers all the real property upon which the Mtg. securing said underlying bonds is a lien;

In the case of bonds so guaranteed or assumed, the Corp. issuing said bonds is owned and operated, controlled and operated, or leased and operated, by said R. R. Corp.

*Guaranteed Obligations.—i.* Bonds which have been guaranteed by endorsement as to both principal and interest by a R. R. Corp. which has complied with all the provisions of subdiv. *e*: *provided*, that,—

Said bonds are secured by a 1st Mtg. on the R. R. of a R. R. Corp. which is owned and operated, controlled and operated, or leased and operated, by the Corp. guaranteeing said bonds;

In the case of a leased R. R., the entire capital stock of which, except shares qualifying directors, is not owned by the lessee, the rental includes an amount to be paid to the stockholders of said leased R. R. equal to at least 4% per annum upon that portion of the entire capital stock thereof outstanding which is not owned by the lessee.

*j.* 1st Mtg. bonds of a R. R. Corp. which during each of its 10 fiscal yrs. next preceding the date of such investment, has complied with all the requirements of paragraphs 2, 3, and 4 of subdiv. *e*, provided that said bonds are guaranteed by endorsement as to both principal and interest by a R. R. Corp. which has complied with all the requirements of subdiv. *e* preceding paragraph 5, notwithstanding that the R. R. of said issuing Corp. is not operated by said guaranteeing Corp.

*k.* Bonds which have been or shall become legal investments under any of



the provisions of this act shall not be rendered illegal although the Corp. issuing, assuming or guaranteeing such bonds shall fail for a period not exceeding 2 successive fiscal yrs. to comply with the requirements of paragraph 4 of subdiv. *e*; but no further investment in the bonds issued, assumed or guaranteed by said Corp. shall be made during said period. If after the expiration of said period said Corp. complies for the following fiscal yr. with all the requirements of subdiv. *e*, it shall be regarded as having complied therewith during said period.

*l.* Bonds which have been or shall become legal investments under any of the provisions of this act shall not be rendered illegal, although the property upon which they are secured has been or shall be conveyed to or legally acquired by another R. R. Corp., and although the Corp. which issued or assumed said bonds has been or shall be consolidated with another R. R. Corp., if the consolidated or purchasing Corp. shall assume the payment of said bonds and so long as it shall continue to pay regularly interest or dividends, or both, upon the securities issued against, in exchange for, or to acquire the stock of the Corp. consolidated, or the property purchased, or upon securities subsequently issued in exchange or substitution therefor, to an amount at least equal to 4% per annum upon the capital stock, outstanding at the time of such consolidation or purchase, of said Corp. which issued or assumed said bonds.

*m.* If a R. R. Corp. which has complied with all the requirements of subdiv. *e* preceding paragraph 5, except that the period of compliance is less than 10, but not less than 5 successive yrs., shall be, or shall have been, thereupon consolidated or merged with, or its R. R. purchased and all of the debts of such Corp. assumed by, another R. R. Corp. incorporated under the laws of any of the

U. S., such Corp. so succeeding shall be considered as having complied with all the provisions of subdiv. *e* preceding paragraph 5 during those successive yrs. next preceding the date of such consolidation, merger or purchase in which all said consolidated, merged or purchased Corp., if considered as one continuous Corp. in ownership and possession, would have so complied: *provided*, that said succeeding Corp. shall continue so to comply for a further period which shall make such compliance equivalent to at least 10 successive yrs., but in no case less than the 2 fiscal yrs. next following said consolidation, merger or purchase.

In this act, unless the context otherwise requires, "railroad corporation" means a Corp. which owns or is in possession of and operating a R. R. or Rwy. of the class usually operated by steam power;

*n.* St. Rwy. Corps. are not R. R. Corps. within the meaning of this act.

4th. The provisions of this act shall not render illegal the investment in any Mtgs. of real estate held by such Corp. at the time of its passage, nor the investment at such time or thereafter in any issue of bonds or notes dated prior to its passage, in which such Corp. was then authorized to invest, so long as such bonds or notes continue to comply with the requirements of law then in force.

5th. In the bonds of any St. Rwy. Corp. incorporated in this Commonwealth, the Rwy. of which is situated wholly or in part therein, and which has earned and paid in dividends in cash an amount equal to at least 5% upon all its outstanding capital stock in each of the 5 yrs. last preceding the certification by the Bd. of R. R. Coms. hereinafter provided for. No such investment shall be made unless said Corp. appears from returns made by it to the Bd. of R. R. Coms. to have properly paid said dividends without im-

pairment of assets or capital stock, and said Bd. shall on or before the 15th day of Jan. in each yr. certify and transmit to the Bk. Com. a list of such St. Rwy. Corps.

Dividends paid by way of rental to stockholders of a leased St. Rwy. Corp. shall be deemed to have been earned and paid by said Corp. within the meaning of this clause, provided said Corp. shall have annually earned and properly paid in dividends in cash, without impairment of assets or capital stock, an amount equal to at least 5% upon all its outstanding capital stock in each of the 5 fiscal yrs. next preceding the date of the lease thereof.

If 2 or more St. Rwy. Corps. have been consolidated by purchase or otherwise during the 5 yrs. prior to said certification, the payment severally from the earnings of each yr. of dividends equivalent in the aggregate to a dividend of 5% on the aggregate capital stocks of the several Corps. during the yrs. preceding such consolidation shall be sufficient for the purpose of this act.

6th. In the bonds of any Telephone Co. subject to the provisions of Sec. 37 of Chap. 14 of the Revised Laws, and of which a majority of the directors are residents of the Commonwealth:—

*Provided*, that during each of the 5 fiscal yrs. of such Tel. Co. next preceding the date of such investment—

(1) The gross income of such Tel. Co. shall have been not less than \$10,000,000 per annum.

(2) Such Tel. Co. shall have paid the matured principal and interest of all its indebtedness.

(3) Such Tel. Co. shall have paid in dividends in cash an amount equal to not less than 6% per annum on all its outstanding issues of capital stock.

(4) The dividends paid on the capital stock of such Tel. Co. shall not have been

less than the total amount necessary to pay the interest upon its entire outstanding indebtedness.

And further *provided*, that such bonds shall be secured either (a) by a 1st Mtg. upon at least 75% of the property of such Tel. Co., or (b) by the deposit with a Tr. Co. incorporated under the laws of this Commonwealth of bonds and shares of stock of other Tel. Corps., under an indenture of Tr. which limits the amount of bonds so secured to 75% of the value of the securities deposited as stated and determined in said indenture, and provided that during each of the 5 yrs. next preceding such investment the annual interest and dividends paid in cash on the securities deposited have amounted to not less than 50% in excess of the annual interest on the bonds outstanding and secured by said deposit. Not more than 2% of the deposits of any Sav. Bk. shall be invested in the bonds of Tel. Cos.;

7th. In the stock of a banking association situated in the New Eng. states and incorporated under the authority of the U. S., or in the stock of a Tr. Co. incorporated under the laws of and doing business within this Commonwealth; but such Corp. shall not hold, both by way of investment and as security for loans, more than 20% of its deposits in the stock of such associations or Cos., nor in any one such association or Co. more than 3% of its deposits in, nor more than \$100,000 nor more than  $\frac{1}{4}$ th of the capital stock of, such association or Co. Such Corp. may deposit not more than  $2\frac{1}{2}$ % of its deposits in any banking association incorporated under the authority of the U. S. and situated in this Commonwealth, and in any Tr. Co., incorporated in this Commonwealth; but such deposit shall not in any case exceed \$500,000 nor 25% of the capital stock and surplus fund of such depository.

8th. In loans of the classes hereafter



described, payable and to be paid or renewed at a time not exceeding 1 yr. from the date thereof; but not more than  $\frac{1}{3}$ rd of the deposits and income shall so be invested, nor shall the total liabilities to such Corp. of a person, partnership, association or Corp. for money borrowed upon personal security, including in the liabilities of a partnership or Co. not incorporated the liabilities of the several members thereof, exceed 5% of such deposits and income.

a. A note which is the joint and several obligation of 3 or more responsible citizens of this Commonwealth: *provided*, that the total liabilities to such Corp. of a person, partnership or association, for money borrowed under this subdiv., including in the liabilities of a partnership or Co. not incorporated the liabilities of the several members thereof, shall not exceed 1% of the deposits of such Corp.

b. A note, with 1 or more substantial sureties or endorsers: of a Corp. incorporated in this Commonwealth; or of a manufacturing Corp. with a commission house as surety or endorser, provided that such commission house is incorporated in this Commonwealth, or has an established place of business and a partner resident therein; or of an association or Corp. at least  $\frac{1}{2}$  of the real and personal property of which is situated within the New Eng. states, provided that at least 1 such surety or endorser shall be a citizen of or Corp. incorporated in this Commonwealth: *provided*, that no such loan shall be made or renewed unless within 18 Mos. next preceding the making or renewing of such loan an examination of the affairs, assets and liabilities of the borrowing Corp. or association has been made, at the expense of such borrowing Corp. or association, by an accountant approved by the commissioner. The report of such examination shall be

made in such form as the commissioner may prescribe. A copy of the report certified to by the accountant shall be delivered to the said Corp. before such loan or a renewal thereof is made, and a copy so certified shall be delivered to the commissioner within 30 days after the completion of said examination.

c. A bond or note of a gas, electric light, telephone or street railway Corp. incorporated or doing business in this Commonwealth and subject to the control and supervision thereof: *provided*, that the net earnings of such Corp., after the payment of all operating expenses, taxes and interest, as reported to, and according to the requirements of, the proper authorities of the Commonwealth, have been in each of the 3 fiscal yrs. next preceding the making or renewing of such loan equal to not less than 4% on all its capital stock outstanding in each of said years.

d. A bond or note of a R. R. Corp. which complies with all the requirements of subdiv. b, or of subdiv. e preceding paragraph 5, of clause 3rd: *provided*, that the principal of such bond or note described in either this or the preceding subdiv. is payable at a time not exceeding 1 yr. after the date of investment therein.

e. A note of a responsible borrower in such form as the commissioner may approve, with a pledge as collateral of:—

(1) 1st Mtgs. of real estate authorized for investment by clause 1st; or

(2) Bonds or notes authorized for investment by clauses 2nd, 3rd, 4th, 5th, or 6th at no more than 90% of the market value thereof, at any time while such note is held by such Corp.; or

(3) Deposit books of depositors in Sav. Bks. at no more than 90% of the amount of deposits shown therein; or

(4) Shares of R. R. Corps. described in subdivs. a, b or e of clause 3rd at no

more than 80% of the market value thereof, at any time while such note is held by such Corp.; or

(5) Such other bonds, notes or shares of Corps. or associations and at such percentages of their market values as the Bd. of Inv. shall approve, *provided*, that, if the commissioner shall disapprove any such bonds, notes or shares, he shall make such recommendations in writing to the Bd. of Inv. of such Corp. as the case may require, and shall include in his annual report a statement of the facts in each case in which such Bd. of Inv. has not complied with his recommendations in a manner satisfactory to him.

f. Whenever used in this clause, the word "association" means an association the business of which is conducted or transacted by trustees under a written instrument or declaration of trust.

[Clause 8th of Sec. 68th took effect on Nov. 1st, 1908, and no loans on personal security shall be made or renewed thereafter except under the provisions of said clause; but for good cause and to prevent loss or embarrassment to such Corp., or unnecessary loss or injury to a borrower therefrom, the commissioner may grant an additional time within which a loan may be renewed not in accordance with the provisions of said clause.]

9th. A sum not exceeding the guaranty fund and undivided earnings of such Corp., nor in any case exceeding 5% of its deposits or \$200,000, may, subject to the approval of the commissioner, be invested in the purchase of a suitable site and the erection or preparation of a suitable building for the convenient transaction of its business.

10th. Such Corp. may hold real estate acquired by the foreclosure of a Mtg. owned by it, or by purchase at sales made under the provisions of such Mtg. or upon judgments for debts due to it, or

in settlements effected to secure such debts. Such Corp. shall sell all such real estate within 5 yrs. after the title thereof is vested in it, and notwithstanding the provisions of clause 1st may take a Mtg. thereon from a bona fide purchaser to secure the whole or a part of the purchase price; but the commissioner may, upon the petition of the Bd. of Inv. of such Corp., and for cause, grant an additional time for the sale of the same or of the securities mentioned in the following clause.

11th. Such Corp. may hold stocks, bonds, notes, or other securities acquired in settlements effected to secure loans or debt; but unless the time during which such securities may be held is extended as provided in the preceding clause, they shall be sold within 5 yrs. after being acquired.

12th. The provisions of this act shall not invalidate or impair the title of a Corp. to securities which have been or may be held by it in pledge or as security for a loan or debt; and the same shall be held for the purposes for which they were pledged.

13th. Not later than the 1st day of Feb. in each yr. the commissioner shall prepare a list of all the bonds and notes which are then legal investments under the provisions of clauses 3d, 4th, 5th, and 6th; and said list shall at all times be open to public inspection and a copy thereof shall be sent to every Sav. Bk.

SEC. 70. The provisions of this act, so far as they are the same as those of existing laws, shall be construed as a continuation of such laws and not as new enactments; and the repeal by this act of any provision of law shall not revive any law heretofore repealed or superseded; nor shall it affect any act done, liability incurred, or any right accrued and established, or any suit or prosecution,

\* \* \*



Chapter 561, Acts of 1907.

An Act to permit Sav. Bks. to establish life insurance departments.

SEC. 9. The funds of the Ins. Dept., whether arising from premiums, annuity contracts, guaranty funds, or from the income thereof, and whether constituting Ins. reserve or surplus, shall be invested in the same classes of securities and in the same manner in which the deposits of the Sav. Dept. are or may hereafter be required by law to be invested, except that it may make loans upon any policy of Ins. or annuity contract issued by it to the extent specified in Sec. 15.

(Then after providing for General Ins. Guaranty Fund, the law reads as follows:)

SEC. 20. The funds of the General Ins. Guaranty Fund shall be invested in the same classes of securities and in the same manner in which the deposits of the Sav. Dept. are, or may hereafter by law be required to be invested; but the trustees of said fund shall be at liberty to deposit in any Sav. Bk. any funds on hand which by reason of the smallness of the amount or for any other reason cannot, in the opinion of the trustees, otherwise properly be invested at that time.

#### TRUST COMPANIES.

SEC. 1. Domestic Tr. Cos. incorporated subsequent to the 28th day of May in the yr. 1888 shall be subject to provisions of this Chap., and any such Corp. chartered prior to said date which has adopted or which shall adopt according to law the provisions of this Chap. or of any Sec. thereof, or the corresponding provisions of earlier laws, shall be subject to the provisions so adopted; and all such Corps., whenever incorporated, shall be subject to the provisions of Secs. 14, 15, and 18 to 22, inclusive, Sec. 24, so much of Sec. 37 as applies to Corps. exercising the

powers conferred by the provisions of Sec. 18, and Sec. 38; but the provisions of Sec. 24 so far as they are inconsistent with the provisions of the charter of a Tr. Co. incorporated prior to the 28th day of May in the yr. 1888 shall not apply to such Corp. in the performance of its duties as trustee.

SEC. 13. Such Corps. may, subject to the limitations of the following Sec., advance money or credits, whether capital or general deposits, on real property situated within this Commonwealth and on personal security, on terms that may be agreed upon, and also invest its money or credits, whether capital or general deposits, in the stock, bonds or other evidences of debt of Corps.

SEC. 14. No Tr. Co. shall advance money or credits upon notes secured by deed of Tr. or by Mtg. upon farms or agricultural or unimproved land outside of this Commonwealth, except upon land situated in the New Eng. States or the State of N. Y., nor invest in nor make loans upon the bonds or other securities of a Co. negotiating or dealing in such notes so secured or in such Mtgs.

SEC. 15. No Tr. Co. shall as agent, buy, sell or negotiate securities or evidences of debt on which said Co. may not lawfully advance money or credits, nor as such agent buy, sell or negotiate evidences of debts secured exclusively by real estate under Mtg. or deed of trust.

SEC. 16. A court of law or equity, or a court of probate and insolvency of this Commonwealth, may direct that money or property under its control, or which may be paid into court by parties to any legal proceedings, or which may be brought into court by reason of an order or judgment, be deposited with such Corp., upon such terms and subject to such instructions as the court may prescribe. \* \* \* Such Corp. may also hold money or property in trust, or on deposit from execu-

tors, administrators, assignees, guardians and trustees, upon such terms and conditions as may be agreed upon.

**SEC. 17.** Money or property received under the provisions of the preceding Sec. shall be loaned on or invested only in the authorized loans of the U. S., or any of the New Eng. States, the counties or cities thereof, or of the States of Ill., Iowa, Mich., Minn., Wis., or the counties or cities thereof, or stocks of State or Nat. Bks. organized within this Commonwealth, or in the first Mtg. bonds of a R. R. Corp. incorporated in any of the New Eng. States and whose road is located wholly or in part in the same and which has earned and paid regular dividends on all its issues of capital stock for 2 yrs. last preceding such loan or investment, or in the bonds of any such R. R. Co. unencumbered by Mtg., or in 1st Mtgs. on real estate in this Commonwealth, or in any securities in which Sav. Bks. may invest, or upon notes with 2 sureties of domestic manufacturing Corps. or of individuals with a sufficient pledge as collateral of any of the aforesaid securities; but all real estate acquired by foreclosure of Mtg. or by levy of execution shall be sold at public auction within 2 yrs. after such foreclosure or levy.

**SEC. 18.** Such Corp. may be appointed executor of a will, codicil or writing testamentary, administrator with the will annexed, administrator of the estate of any person, receiver, assignee, guardian, or trustee under a will or instrument creating a trust for the care and management of property, under the same circumstances, in the same manner, and subject to the same control by the court having jurisdiction of the same, as a legally qualified person. Any such appointment as guardian shall apply to the estate and not to the person of the ward. Such Corp. shall not be required to receive or

hold property or money or assume or execute a trust under the provisions of this or of Sec. 16 without its assent.

SEC. 23. A person creating a trust may direct whether money or property deposited under it shall be held and invested separately or invested in the general trust fund of the Corp.; and such Corp. acting as trustee shall be governed by directions contained in a will or instrument under which it may act.

SEC. 24. Money, property or securities received, invested or loaned under the provisions of Secs. 16 to 18, inclusive, shall be a special deposit in such Corp., and the accounts thereof shall be kept separate. Such funds and the investment or loans thereof shall be specially appropriated to the security and payment of such deposits, shall not be mingled with the investments of the capital stock or other money or property belonging to such Corp., or be liable for the debts or obligations thereof. For the purpose of this Sec., such Corps. shall have a Tr. Dept. in which all business authorized by said Secs. 16 to 18, inclusive, shall be kept separate and distinct from its general business.

SEC. 25. \* \* \* Such (guaranty) fund shall be invested in such securities only as the trust deposits may be invested in. The accounts of its investment and management, and the securities in which it is invested, shall be kept in the Tr. Dept.

SEC. 29. Every such Corp. chartered subsequent to the 21st day of May in the yr. 1896, after a deduction of all reasonable expenses and losses incurred during the yr. in the management thereof, shall annually set aside not less than 10% of its remaining earnings as a guaranty fund, until such fund amounts to 25% of its capital, which fund shall be invested in the same manner as deposits in Sav. Bks. may be invested.

SEC. 33. No such Corp. shall make a



loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within 6 Mos. after its purchase, be sold or disposed of at public or private sale.

SEC. 34. The total liabilities of a person, other than cities or towns, for money borrowed, including in the liabilities of a firm the liabilities of its several members, to such Corps. having a capital stock of \$500,000 or more shall at no time exceed 1-5th part of the surplus account and of such amount of the capital stock as is actually paid up, and to any other such Corp. shall at no time exceed 1-5th of such amount of the capital stock of the Corp. as is actually paid up; but the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating it, shall not be considered as money borrowed.

SEC. 35. Such Corp. may hold real estate unencumbered by Mtg. suitable for the transaction of its business to an amount including the cost of alterations and additions in the nature of permanent fixtures, not exceeding 25% of its capital actually paid in, and in no case to exceed \$250,000; but the provisions of this Sec. shall not require such Corp. to change an investment legally made prior to the 18th day of Apr. in the yr. 1894.

SEC. 1. Every Tr. Co. soliciting or receiving deposits (a) which may be withdrawn only on presentation of the pass-book or other similar form of receipt which permits successive deposits or withdrawals to be entered thereon; or (b) which at the option of the Tr. Co. may be withdrawn only at the expiration of a stated period after notice of inten-

tion to withdraw has been given; or (c) in any other way which might lead the public to believe that such deposits are received or invested under the same conditions or in the same manner as deposits in Sav. Bks.; shall have a Sav. Dept. in which all business relating to such deposits shall be transacted.

SEC. 2. All such deposits shall be special deposits and shall be placed in said Sav. Dept., and all loans or investments thereof shall be made in accordance with the statutes governing the investment of deposits in Sav. Bks. The duties of the Bd. of Inv. relative to the investment of such deposits shall be performed by a board or committee appointed by the board of directors of such Corp.

SEC. 3. Such deposits and the investments or loans thereof shall be appropriated solely to the security and payment of such deposits, and shall not be mingled with the investments of the capital stock or other money or property belonging to or controlled by such Corp., or be liable for the debts or obligations thereof until after the deposits in said Sav. Dept. have been paid in full. The accounts and transactions of said Sav. Dept. shall be kept separate and distinct from the general business of the Corp.

SEC. 6. All Sav. deposits which are not now invested in accordance with the provisions of this act shall be so invested, at least 1-5th part before the 1st day of Nov. in each yr. after the passage of this act, beginning with the yr. 1909, and all such deposits shall be so invested before the 1st day of Nov. in the yr. 1913.

SEC. 8. Every Tr. Co. doing business within the Commonwealth shall at all times have on hand as a reserve an amount equal to at least 15% of the aggregate amount of its deposits exclusive of Sav. deposits, and of time deposits represented by certificates or agreements in writing and payable only at a stated time,

but whenever such time deposits may be withdrawn within 30 days they shall be subject to the reserve requirements of this act; and every Tr. Co. doing business in the city of Boston shall at all times have on hand as a reserve an amount equal to at least 20% of the aggregate amount of its deposits computed in the same manner.

SEC. 9. Not less than 2-5ths of such reserve shall consist either of lawful money of the U. S., gold certificates, silver certificates or notes and bills issued by any lawfully organized national banking association, and the remainder of such reserve may consist of balances, payable on demand, due from any Tr. Co. in the city of Boston authorized to act as reserve agent as hereinafter provided, or from any Nat. banking Asso. doing business either in this Commonwealth or in the cities of New York, Philadelphia, Chicago or Albany; but a portion not exceeding 1-5th of such reserve may consist of bonds of the U. S. or of this Commonwealth computed at their fair market value, which are the absolute property and in the possession of such Corp.; provided that the aggregate amount of lawful money of the U. S., gold certificates, silver certificates and notes and bills issued by any lawfully organized Nat. banking Asso. held by such Corp. shall at all times be equal to at least 5% of the aggregate amount of all its time and demand deposits exclusive of deposits in its Sav. Dept.

SEC. 10. The Bk. Com. may authorize any Tr. Co. in the city of Boston to act as reserve agent for Tr. Cos. doing business in this Commonwealth; *provided, however,* that a Tr. Co. shall not keep any part of its reserve in a Tr. Co. so authorized to act as reserve agent without first obtaining the consent in writing of the Bk. Com. Not less than  $\frac{1}{2}$  of the reserve of such Tr. Co. acting as re-

serve agent shall consist of lawful money of the U. S., gold certificates, silver certificates or notes and bills issued by any lawfully organized Nat. banking Asso., and the remainder of such reserve may consist of balances, payable on demand, due from any Tr. Co. in the city of Boston authorized to act as reserve agent as herein provided, or from any Nat. banking Asso. doing business either in this Commonwealth or in the cities of New York, Philadelphia, Chicago or Albany.

SEC. II. If the reserve of any Tr. Co. is at any time less than the amount which it is required to keep on hand, such Tr. Co. shall not make any new loans or investments until the required proportion between the aggregate amount of its deposits and reserve shall be restored.





COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE BANK COMMISSIONER  
BOSTON, Jan. 20, 1913.

*To Treasurers of Savings Banks:*

The following is a list of bonds and notes which, in the opinion of this department, are now legal investments under the provisions of clauses *second*, *third*, *fourth*, *fifth* and *sixth* of section 68 of chapter 590, Acts of 1908. Clause *second*, relating to investments in public funds, has been applied only to those counties, cities, towns and districts which appear to have bonds or notes outstanding, and from which debt statements could be obtained. Clause *third* is the general law relating to railroad bonds. Clause *fourth* provides that issues which complied with the old law shall continue, under certain conditions, to be legal investments. The banks may not only continue to hold such bonds, but may invest further in them. In this list the bonds which do not comply with clauses *second* and *third*, but continue legal through clause *fourth*, are printed in italics and the reason in each case is explained in the footnotes. Clause *fifth* relates to investments in street railway bonds, and clause *sixth* to investments in telephone company bonds.

Investment in bonds or notes of cities, towns and districts mentioned in the list should not be made without further inquiry, as both their indebtedness and their valuations for the assessment of taxes are constantly changing.

Respectfully yours,

AUGUSTUS L. THORNDIKE,  
*Bank Commissioner.*

Public funds of the United States and of the following States: —

California	New Hampshire
Connecticut	New Jersey
Delaware	New York
Illinois	Ohio
Indiana	Oregon
Iowa	Pennsylvania
Maine	Rhode Island
Massachusetts	Vermont
Michigan	Washington
Minnesota	Wisconsin
Missouri	District of Columbia
Nebraska	

Bonds or notes of the following counties, cities, towns and districts in New England: —

MAINE.	Fairfield
<i>Counties.</i>	Kennebunk
Androscoggin	Lisbon
Aroostook	Lubec
Kennebec	Old Orchard
<i>Cities.</i>	Rumford
Auburn	Yarmouth
Augusta	<i>Water Districts.</i>
Bangor	Augusta
Belfast	Brunswick and Topsham
Biddeford	Gardiner
Brewer	Kennebec
Calais	<i>Kittery*</i>
Eastport	Portland
Ellsworth	<i>Van Buren*</i>
Gardiner	
Hallowell	NEW HAMPSHIRE.
Lewiston	<i>Counties.</i>
Portland	Belknap
Saco	Coos
Westbrook	Hillsborough
<i>Towns.</i>	Merrimack
Boothbay Harbor	Rockingham
Brunswick	<i>Cities.</i>
Caribou	Berlin
Dexter	Concord
East Livermore	Dover

\* Less than 5,000 inhabitants within the district, therefore only bonds issued prior to June 8, 1908, are legal.

Keene  
Manchester  
Nashua  
Portsmouth

*Towns.*

Ashland  
Derry  
Gorham  
Haverhill  
Hillsborough  
Jaffrey  
Lisbon  
Milford  
Northumberland  
Peterborough  
Plaistow  
Raymond  
Salem  
Walpole

*Water District.*

*North Conway\**

## VERMONT.

*Cities.*

Barre  
Burlington  
Montpelier  
Rutland  
St. Albans  
Vergennes

*Towns.*

Bennington  
Brattleborough

## MASSACHUSETTS.

Bonds or notes of any  
county, city, town or  
incorporated district†  
of the Commonwealth  
of Massachusetts

## RHODE ISLAND.

*Cities.*

Cranston

Newport  
Providence  
*Woonsocket‡*

*Towns.*

Barrington  
Bristol  
Coventry  
Cumberland  
*East Providence‡*  
*Johnston§*  
*Lincoln‡*  
North Smithfield  
South Kingstown  
Tiverton  
Warren  
Westerly

## CONNECTICUT.

*County.*

Fairfield

*Cities.*

Ansonia  
Bridgeport  
Danbury  
Derby  
Hartford  
Middletown  
New Britain  
New Haven  
New London  
Norwalk  
Putnam  
Rockville  
Waterbury  
Willimantic

*Towns.*

Brandford  
Brooklyn  
Canton  
Ellington  
Enfield  
Essex  
Fairfield

\* See preceding page.

† This department has been unable to learn of any incorporated district in Massachusetts the net indebtedness of which is in excess of the limit prescribed by law.

‡ Net indebtedness, as defined by new law, in excess of legal limit, therefore only bonds issued prior to June 8, 1908, are legal.

§ Only those which have been assumed by the city of Providence.



Greenwich  
 Hampden  
 Madison  
 Manchester  
 Meriden  
 Newtown  
 Norwich  
 Norfolk  
 Plainfield  
 Southington

Stafford  
 Stamford  
 Suffield  
 Thomaston  
 Torrington  
 Wallingford  
 West Hartford  
 Winchester  
 Windsor

Legally authorized bonds for municipal purposes, etc., of the following cities outside of New England: —

Akron, O.  
 Albany, N. Y.  
 Allentown, Penn.  
 Altoona, Penn.  
 Auburn, N. Y.  
 Baltimore, Md.  
 Bay City, Mich.  
 Buffalo, N. Y.  
 Canton, O.  
 Cedar Rapids, Ia.  
 Chicago, Ill.  
 Cleveland, O.  
 Columbus, O.  
 Davenport, Ia.  
 Dayton, O.  
 Decatur, Ill.  
 Des Moines, Ia.  
 Detroit, Mich.  
 Dubuque, Ia.  
 Elmira, N. Y.  
 Evansville, Ind.  
 Flint, Mich.  
 Grand Rapids, Mich.  
 Hamilton, O.  
 Harrisburg, Penn.  
 Indianapolis, Ind.  
 Jackson, Mich.  
 Jamestown, N. Y.  
 Jersey City, N. J.  
 Johnstown, Penn.  
 Joplin, Mo.  
 Kalamazoo, Mich.  
 Kansas City, Mo.  
 La Crosse, Wis.  
 Lancaster, Penn.  
 Lansing, Mich.  
 Lima, O.  
 Los Angeles, Cal.

Louisville, Ky.  
 McKeesport, Penn.  
 Milwaukee, Wis.  
 Minneapolis, Minn.  
 Newark, N. J.  
 Newcastle, Penn.  
 Niagara Falls, N. Y.  
 Oakland, Cal.  
 Omaha, Neb.  
 Paterson, N. J.  
 Philadelphia, Penn.  
 Pittsburgh, Penn.  
 Portland, Ore.  
 Quincy, Ill.  
 Reading, Penn.  
 Rochester, N. Y.  
 Rockford, Ill.  
 St. Joseph, Mo.  
 St. Louis, Mo.  
 St. Paul, Minn.  
 San Francisco, Cal.  
 Seattle, Wash.  
 Sioux City, Ia.  
 South Bend, Ind.  
 Spokane, Wash.  
 Springfield, Mo.  
 Springfield, O.  
 Superior, Wis.  
 Syracuse, N. Y.  
 Terre Haute, Ind.  
 Toledo, O.  
 Troy, N. Y.  
 Utica, N. Y.  
 Wilkes-Barre, Penn.  
 Williamsport, Penn.  
 York, Penn.  
 Youngstown, O.

## RAILROAD BONDS.

## BANGOR &amp; AROOSTOOK SYSTEM. †, ¶

<i>Bangor &amp; Aroostook R.R.</i>	†, ¶	1st	. . .	5s	1943
<i>B. &amp; A. R.R. Pisc. Div.</i>	†, ¶	do	. . .	5s	1943
<i>B. &amp; A. R.R. Van B'n Ex.</i>	†, ¶	do	. . .	5s	1943
<i>B. &amp; A. R.R. Medjord</i>	" †, ¶	do	. . .	5s	1937
<i>Ar'st'k North'n R.R.</i>	†, ¶	. . .	do . . .	5s	1947

<i>No. Maine Seaport R.R.</i>	†, ¶	} R.R. and ter. 1st	5s	1935
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## BOSTON &amp; MAINE SYSTEM.

Boston & Maine R.R.	. . .	Plain	. . .	3½s	1921
do	. . .	do	. . .	3½s	1923
do	. . .	do	. . .	3½s	1925
do	. . .	do	. . .	4s	1926
do	. . .	do	. . .	4½s	1929
do	. . .	do	. . .	4s	1937
do	. . .	do	. . .	4s	1942
do	. . .	do	. . .	4½s	1944
do	. . .	do	. . .	3s	1950
P'tsm'th, G't. F'lls & Conw. R.R.		1st	. . .	4½s	1937
Boston & Lowell R.R.	. . .	Plain	. . .	4s	1913
do	. . .	do	. . .	4s	1915
do	. . .	do	. . .	4s	1916
do	. . .	do	. . .	4s	1917
do	. . .	do	. . .	4s	1918
do	. . .	do	. . .	3½s	1919
do	. . .	do	. . .	3½s	1921
do	. . .	do	. . .	3½s	1923
do	. . .	do	. . .	3½s	1925
do	. . .	do	. . .	4s	1926
do	. . .	do	. . .	4s	1927
do	. . .	do	. . .	4s	1929
do	. . .	do	. . .	4s	1932
Conn. & Passumpsic Riv. R.R.		1st .	. . .	4s	1943
Concord & Montreal R.R.		Cons. mtg.	. . .	4s	1920
Connecticut River R.R.	. . .	Plain	. . .	3½s	1921
do	. . .	do	. . .	3½s	1923
do	. . .	do	. . .	4s	1943
Worcester, Nash. & Roch. R.R.		1st	. . .	4s	1913
do		do	. . .	4s	1930
do		do	. . .	4s	1934
do		do	. . .	4s	1935
Concord & Claremont R.R.	. . .	1st	. . .	4½s	1914

† Dividends paid for insufficient number of years.

¶ Amount paid in dividends less than one-third of amount paid in interest.

BOSTON & MAINE SYSTEM — *Continued.*

Peterboro' & Hillsboro R.R.	. . . . . 1st	. . . . . 4½s	1917
Fitchburg R.R.	. . . . . Plain	. . . . . 4½s	1914
do	. . . . . do	. . . . . 4s	1915
do	. . . . . do	. . . . . 4s	1916
do	. . . . . do	. . . . . 3½s	1920
do	. . . . . do	. . . . . 4s	1920
do	. . . . . do	. . . . . 3½s	1921
do	. . . . . do	. . . . . 4s	1925
do	. . . . . do	. . . . . 4s	1927
do	. . . . . do	. . . . . 4s	1928
do	. . . . . do	. . . . . 4½s	1928
do	. . . . . do	. . . . . 4½s	1932
do	. . . . . do	. . . . . 4s	1937
Troy & Boston R.R.	. . . . . 1st	. . . . . 7s	1924
Vermont & Mass. R.R.	. . . . . Plain	. . . . . 3½s	1923
St. J'hnsb'ry & L. Champ'n R.R.	. . . . . 1st	. . . . . 5s	1944
Sullivan County R.R.	. . . . . do	. . . . . 4s	1924
Vermont Valley R.R.	. . . . . do	. . . . . 4½s	1940

## MAINE CENTRAL SYSTEM.

Maine Central R.R.	. . . . . Coll. trust	. . . . . 5s	1923
Penobscot Shore Line R.R.	. . . . . 1st	. . . . . 4s	1920
Maine Shore Line R.R.	. . . . . do	. . . . . 6s	1923
Belfast & Mooseh'd Lake R.R.	. . . . . do	. . . . . 4s	1920
Dexter & Newport R.R.	. . . . . do	. . . . . 4s	1917
Dexter & Piscataquis R.R.	. . . . . do	. . . . . 4s	1929
European & N. Amer. Ry.	. . . . . do	. . . . . 4s	1933
Upper Coos R.R.	. . . . . Mort.	. . . . . 4s	1930
do	. . . . . Ex. mtg.	. . . . . 4½s	1930
Washington County Ry.	. . . . . 1st	. . . . . 3½s	1954
Portl'd & Rumford Falls Ry	. . . . . Cons.	. . . . . 4s	1926
Portland & Ogdensburg R.R.	. . . . . 1st	. . . . . 4½s	1928
Somerset Ry.	. . . . . do	. . . . . 5s	1917
do	. . . . . 1st Ref'd	. . . . . 4s	1955

NEW YORK, NEW HAVEN & HARTFORD  
SYSTEM (see note).

N. Y., N. H. & Hart. R.R.	. . . . . Deb.	. . . . . 4s	1914
do	. . . . . do	. . . . . 4s	1947
do	. . . . . do	. . . . . 3½s	1947
do	. . . . . do	. . . . . 3½s	1954
do	. . . . . do	. . . . . 4s	1955
do	. . . . . Conv. deb.	. . . . . 3½s	1956
N. Y., N. H. & H. R. R. H. R. & P. C.	. . . . . 1st	. . . . . 4s	1954

NOTE.—Chapter 463 of the Acts of 1906, entitled "An Act relative to railroad corporations and street railway

N. Y., N. H. & H. SYSTEM — *Concluded.*

Housatonic R.R. . . .	Cons. . .	5s	1937
N. Y., Prov. & Boston R.R.	General . .	4s	1942
B. & N. Y. Air Line R.R.	1st . . .	4s	1955
Danbury & Norwalk R.R.	Cons. . .	{ 5s } 6s	1920
do	General . .	5s	1925
do	Refunding	4s	1955
Naugatuck R.R. . . .	1st . . .	4s	1954
do . . . . .	Deb. . . .	3½s	1930
N. H. & Derby R.R. . . .	Cons. . . .	5s	1918
Prov. & Springfield R.R. . .	1st . . . .	5s	1922
Prov. Terminal Co. . . . .	do . . . .	4s	1956
Boston & Providence R.R.	Plain . . .	4s	1918
Holyoke & Westf'd R.R. . .	1st . . . .	4¼s	1951
New England R.R. . . .	Cons. . . .	{ 4s } 5s	1945
N.Y. & N.E. R.R. B. Ter.	1st . . . .	4s	1939
Norwich & Worcester R.R.	Deb. . . .	4s	1927
	{ Plain . . .	4s	1924
Old Colony R.R. . . . .	{ do . . . .	4s	1925
	{ do . . . .	4s	1938
	{ do . . . .	3½s	1932
Prov. & Worcester R.R. . . .	1st . . . .	4s	1947

## ATCHISON, TOPEKA &amp; SANTA FE RAILWAY SYSTEM.

Atchison, Top. & Santa Fe Ry.	Gen. mtg.	4s	1995
do.	Tr. Sh't Line 1st . . .	4s	1958
do	E. Oklahoma do . . .	4s	1928
Chi. & St. Louis Ry. . . . .	do . . . .	6s	1915
Chi., Santa Fe & Cal. Ry.	do . . . .	5s	1937
Hutchinson & South'rn Ry.	do . . . .	5s	1928
San Francisco & San Joaquin Valley Ry. . . . .	do . . . .	5s	1940

companies," provides, in section 66 or Part II, that "A railroad corporation, unless expressly authorized by its charter or by special law, shall not issue bonds, coupon notes or other evidences of indebtedness payable at periods of more than twelve months after the date thereof to an amount which, including the amount of all such securities previously issued and outstanding, exceeds in the whole the amount of its capital stock at the time actually paid in." As the New York, New Haven & Hartford Railroad Company is a Massachusetts railroad corporation, it is the opinion of the Attorney-General that under either the old or the new savings bank law only those of its issues of bonds, coupon notes and other evidences of indebtedness which, taken in the order of their issue, do not exceed the amount of the capital stock of the company actually paid in, are legal investments for Massachusetts savings banks.

|| || Legalized by special act of General Court.



## BALTIMORE &amp; OHIO SYSTEM.

Baltimore & Ohio R.R.	Exten.	4s	1935
do	Prior lien	3½s	1925
do	1st Mtg.	4s	1948
do	S. W. Div.	3½s	1925

## CENTRAL OF NEW JERSEY SYSTEM.

Central R.R. of New Jersey	General	5s	1987
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## CHICAGO &amp; NORTHWESTERN SYSTEM.

Chi. & Nw. Ry.	General	{ 3½s }	{ 1987 }
do	Sinking Fund	Cons. . . 7s	1915
do	. . . .	Exten. . . 4s	1926
do	. . . .	S. F. Mtg. { 5s }	{ 1929 }
		{ 6s }	
Cedar Rap. & Missou. Riv. R.R.	Mort.	7s	1916
Northwestern Union Ry.	1st	7s	1917
Mil. L. Shore & W. Ry.	Cons.	6s	1921
do	M'f'd Ex.	1st . . . 5s	1922
do	Mich. Div.	do . . . 6s	1924
do	Ashland Div.	do . . . 6s	1925
do	Ex. & imp. Mort.	. . . 5s	1929
Wisconsin Northern Ry.	1st	4s	1931
Winona & St. Peter R.R.	do	7s	1916
Boyer Valley Ry.*	do	3½s	1923
Minnesota & Iowa Ry.	do	3½s	1924
Southern Iowa Ry.*	do	3½s	1925
Princeton & Northwestern Ry.	do	3½s	1926
Peoria & Northwestern Ry.*	1st	3½s	1926
Mankato & New Ulm Ry.*	do	3½s	1929
Frem't, Elk. & Mo. V. R.R.	Cons.	6s	1933
Minnesota & S. Dakota Ry.*	1st	3½s	1935
Iowa, Minn. & N' hw'rn Ry.	do	3½s	1935
Sioux City & Pacific R.R.	do	3½s	1936
Manitowoc, Green Bay & Northwestern Ry.	do	3½s	1941

CHICAGO, BURLINGTON & QUINCY  
SYSTEM.

Chic., Burl. & Quincy R.R.	General	4s	1958
C. B. & Q. R.R. Ill. Div.	Mort.	{ 3½s }	{ 1949 }
		{ 4s }	
do	Iowa Div.	do	{ 1919 }
		{ 5s }	
do	Denver Ex.	. . . 4s	1922
do	Neb. Ex.	Mort. . . 4s	1927

\* Secured on less than 100 miles of railroad

### CHICAGO, BURLINGTON & QUINCY SYSTEM—*Concluded.*

Burl. & Mo. Riv. R.R. in Neb. Cons.	. 6s	1918
Republican Valley R.R. . . . . Mort.	. 6s	1919
Tarkio Valley R.R. . . . . 1st . . . .	. 7s	1920
Nodaway Valley R.R. . . . . do . . . .	. 7s	1920

### CHICAGO, MILWAUKEE & ST. PAUL SYSTEM.

Chi., Mil. & St. Paul Ry. . . . . General	{ 3½s } { 4s }	1989.
C. M. & S. P. Ry. L'C. & D. Div. 1st	. 5s	1919
do . . . . . Dubuque " do	. 6s	1920
do . . . . . Wis. Val. " do	. 6s	1920
do . . . . . C. & P. W. " do	. 5s	1921
do . . . . . W. & M. " do	. 5s	1921
do . . . . . C. & L. S. " do	. 5s	1921
do . . . . . C. & M. R. " do	. 5s	1926
do . . . . . Terminal do	. 5s	1914
Dakota & Great So'th'n Ry. do	. 5s	1916
Fargo & Southern Ry. do	. 6s	1924
Milwaukee & Northern R.R. Extension	4½s	1913

### CHICAGO, ROCK ISLAND & PACIFIC SYSTEM.

Chi., R. I. & Pacific R.R. Mort.	. 6s	1917
do . . . . . Ry. . . . . General	. 4s	1988

### CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA SYSTEM.

Ch., St. P., Min. & Omaha Ry. Cons	{ 3½s } { 6s }	1930
Ch., St. Paul & Min. Ry. . . . . 1st	. 6s	1918
North Wisconsin Ry . . . . . do	. 6s	1930
St. Paul & Sioux City R.R. . . . . do	. 6s	1919

### DELAWARE & HUDSON SYSTEM.

Dela. & Hud. Co. . . . . 1st ref'd	4s	1943
do . . . . . Canal Co. . . . . do	. 7s	1917
Adirondack Ry. . . . . do	. 4½s	1942
Schen'y & Duanesb'g R.R. . . . . do	. 6s	1924
Albany & Susquehanna R.R. Conv.	. 3½s	1946

### DELAWARE, LACKAWANNA & WESTERN SYSTEM.

N. Y. Lack. & W'n Ry. § . . . . . 1st	. 6s	1921
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### GREAT NORTHERN SYSTEM.

Great Northern Ry. . . . . 1st Ref'd	4¼s	1961
Minneapolis Union Ry. . . . . 1st	{ 5s } { 6s }	1922

§ Not guaranteed by endorsement.

GREAT NORTHERN SYSTEM—*Concluded.*

St. Paul, Minn. & Man. Ry. Cons.	. 4s	1933
do do do	. 4½s	1933
do do do	. 6s	1933
do do	Mont. Ex. 4s	1937
do do	Pac. Ex. 4s	1940
Eastern Ry. of Minnesota	No. Div. 4s	1948
Montana Central Ry. . .	1st . . . 5s	1937
do . . .	do . . . 6s	1937
Wilmar & Sioux Falls Ry.	do . . . 5s	1938
Spokane Falls & No. Ry.	do . . . 6s	1939

ILLINOIS CENTRAL SYSTEM.

Illinois Cent. R.R. . . .	Ref'd mtg. 4s	1955
do Sterling Ex. . . .	4s	1951
do Gold Ex. . . .	3½s	1950
do Sterling . . . .	3s	1951
do Gold . . . .	4s	1951
do Gold . . . .	3½s	1951
do Gold Ex. . . .	3½s	1951
Ill. Cen. R.R. Spring. Div.	1st . . . 3½s	1951
do Kan. & S.W.R.R. do	. . . 5s	1921
Ill. Cen. R.R. Cairo Bridge .	do . . . 4s	1950
do St. Louis Div. . . do	. . . { 3s } 1951	
	. . . { 3½s }	
do Pur. Lines . . . do	. . . 3½s	1952
do Collat. Trust. . . do	. . . 3½s	1950
do <i>Western Lines</i> † . do	. . . 4s	1951
do <i>Louisville Div.</i> † . do	. . . 3½s	1953
do <i>Omaha Div.</i> † . do	. . . 3s	1951
do <i>Litchfield Div.</i> * . do	. . . 3s	1951
do <i>Collat. Trust</i>    . . .	. . . 4s	1952

LAKE SHORE & MICHIGAN SOUTHERN SYSTEM.

Lake Shore & Mich. S. Ry.	1st gen. . 3½s	1997
<i>Kal., Alle. &amp; Gr. Rap. R.R.*</i>	1st . 5s	1938
<i>Mahoning Coal R.R.*</i> . . .	do . 5s	1934
<i>P.McK. &amp; Youghiogheny R.R.*</i>	do . 6s	1932

\* Secured on less than 100 miles of railroad.  
 † Bonds do not cover 75 per cent. of the railroad owned in fee at the date of the mortgage by the railroad corporation on the railroad of which the mortgage is a lien.  
 || Railroad covered by one of the issues pledged as collateral is not operated by Illinois Central R. R.

## LOUISVILLE &amp; NASHVILLE SYSTEM.

Louisville & Nashville R.R.	Unified	. 4s	1940
do	General	. 6s	1930
do	1st	. 5s	1937
do	Trust	. 5s	1931
Ev'sville, Hend. & Nash. Div.	S. Fund	. 6s	1919
Louisville, Cin. & Lex. Ry.	General	. 4½s	1931
Southeast & St. Louis Div.		. 6s	1921
Mobile & Montgomery		. 4½s	1945
N. O. & Mobile Div.	\$5,000,000 1st	. 6s	1930

## MICHIGAN CENTRAL SYSTEM.

Mich. Cen. R.R.	1st	. 3½s	1952
Mich. Cen-Mich. Air Line R.R.	do	. 4s	1940
Mich. Cen. Dt. & Bay Cy. R.R.	do	. 5s	1931
Mich. Cen-Kal. & S. H. R.R.*	do	. 5s	1939
Mich. C. Jack. L. & Sag. R.R.	do	. 3½s	1951
Mich. C-Jol. & Nor. Ind. R.R.*	do	. 4s	1957

## NEW YORK CENTRAL SYSTEM.

N. Y. Cen. & Hud. Riv. R.R.	Mort.	. 3½s	1997
Beech Creek R.R.	1st	. 4s	1936
Mohawk & Malone Ry.	do	. 4s	1991
N. Y. & Harlem R.R. §	Mort.	. 3½s	2000
Rome, W. & Og. R.R. §	Cons.	{ 5s 4s 3½s }	1922
do Ter. R.R. §	1st	. 5s	1918
Norwood & Mon. R.R. §	do	. 5s	1916
Oswego R.R. Bridge §	do	. 6s	1915
Syra. Phæ. & Oswego R.R. §	do	. 6s	1915
Car., Wat. & Sac. Har. R.R. §	Cons.	. 5s	1931
Utica & Bl. Riv. R.R. §	1st	. 4s	1922
Boston & Albany R.R.	Plain	. 3½s	1952
do	do	. 4s	1913
do	do	. 3½s	1951
do	do	. 4s	1933
do	do	. 4s	1934
do	do	. 4s	1935
do	do	. 4½s	1937

## NORTHERN PACIFIC SYSTEM

Northern Pacific Ry.	Prior lien	. 4s	1997
St. Paul & Northern Pacific Ry.		. 6s	1923
St. Paul & Duluth R.R.	1st	. 5s	1931
Wash. & Columbia River Ry.	do	. 4s	1935

\* Secured on less than 100 miles of railroad.

§ Not guaranteed by endorsement.



PENNSYLVANIA SYSTEM.

Pennsylvania R.R.	. . .	Cons.	. 5s	1919
do	. . .	do	. 4s	1943
do	. . .	do	. 3½s	1945
do	. . .	do	. 4s	1948
<i>Sunbury &amp; Lewiston Ry.*</i>	. . .	1st	. 4s	1936
<i>Sunb'y Hazle. &amp; Wilkes. Ry.*</i>	. . .	do	. 5s	1928
<i>West Chester R.R.*</i>	. . .	do	. 5s	1919
Western Pennsylvania R.R.	. . .	Cons.	. 4s	1928
<i>Pitts., Vir. &amp; Charleston Ry.*</i>	. . .	1st	. 4s	1943
South West Pennsylvania R.R.	. . .	do	. 7s	1917
<i>Junction R.R.*</i>	. . .	General	3½s	1930
Phil. & Erie R.R.	. . .	do	{ 6s 5s 4s }	1920
<i>H'b'g, Ports., M. Joy &amp; L. R.R.*</i>	. . .	1st	. 4s	1913
United N. J. R.R. & Canal Co.	. . .	General	4s	1923
do	. . .	do	4s	1929
do	. . .	do	4s	1944
do	. . .	do	4s	1948
do	. . .	do	3½s	1951
<i>Del. Riv. R.R. &amp; Bridge Co.*</i>	. . .	1st	. 4s	1936
<i>Erie &amp; Pittsburgh R.R.*</i>	. . .	General	3½s	1940
Cleveland & Pittsburgh R.R.	. . .	do	{ 4½s 3½s }	1942
do	. . .	do	. 3½s	1948
do	. . .	do	. 3½s	1950
Allegheny Val. Ry..	. . .	do	. 4s	1942

MISCELLANEOUS.

<i>Boston Terminal Co.      </i>	. . .	1st	. 3½s	1947
<i>Boston R.B. and L. R.R.†</i>	. . .	do	. 4½s	1927
Bridgton & Saco River R.R.	. . .	Cons.	. 4s	1928
New London N'th'n R.R.	. . .	1st	. 4s	1940
<i>Narragansett Pier R.R.†</i>	. . .	do	. 4s	1916
Portland Terminal Co.	. . .	do	. 4s	1961

\* Secured on less than 100 miles of railroad.

† Dividends paid for insufficient number of years.

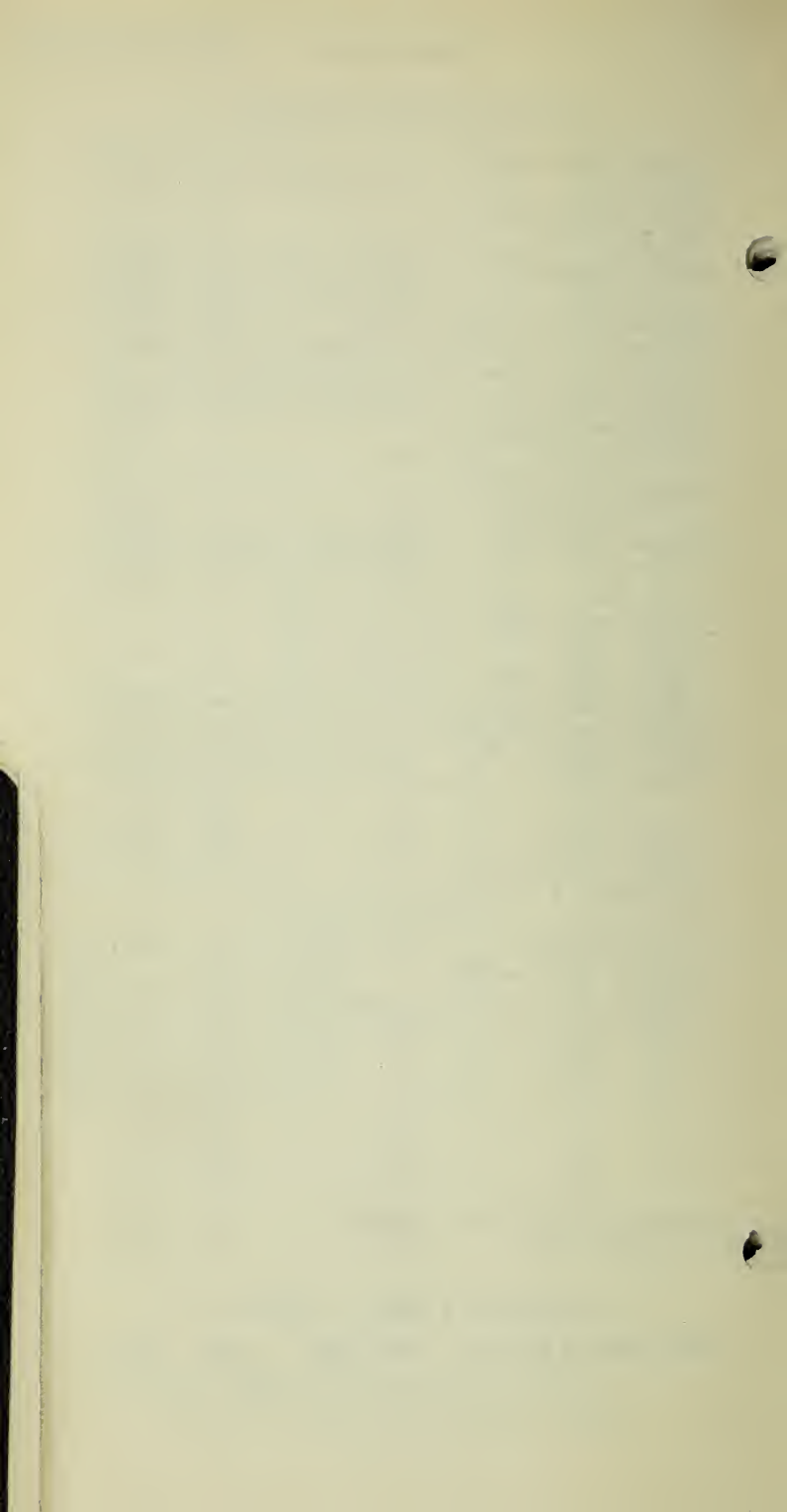
|| || Legalized by special act of General Court.

## STREET RAILWAY BONDS.

Boston & Northern St. Ry.	Ref'd 1st mtg.	4s	1954
Boston & Revere Elec. St. Ry.	do	5s	1928
East Middlesex St. Ry.	Plain	5s	1918
do	do	4s	1922
Fitch. & L'm'st'r St. Ry	1st mtg.	5s	1917
do	Cons. mtg.	4½s	1921
Georgetown, Rowley & Ipswich St. Ry.	1st mtg.	5s	1920
Gloucester, Essex & Bev. St. Ry.	do	5s	1916
Haverhill, Georgetown & Danvers St. Ry.	do	5s	1919
Holyoke Street Ry.	Deb.	5s	1915
do	do	5s	1920
do	do	5s	1923
Leominster, Shirley & Ayer St. Ry.	1st mtg.	5s	1921
Lowell, Lawrence & Haverhill St. Ry.	do	5s	1293
Lynn & Boston R.R. Co.	do	5s	1924
Mystic Valley St. Ry.	do	5s	1919
Nahant & Lynn St. Rwy.	do	5s	1925
do	do	5s	1920
People's St. Ry.	do	5s	1928
Springfield Street Ry.	do	4s	1923
Springfield & Eastern St. Ry. Co.	do	5s	1922
Union Street Ry.	Cons. mtg.	5s	1914
Wakefield & Stoneham St. Ry.	1st mtg.	5s	1915
West End Street Ry.	Deb.	4½s	1914
do	do	4s	1915
do	do	4s	1916
do	do	4s	1917
do	do	4½s	1923
do	do	4½s	1930
do	do	4s	1932
Western Mass. St. Ry.	1st mtg.	5s	1926
Woronoco St. Ry.	do	5s	1920

## TELEPHONE COMPANY BONDS.

Amer. Tel. & Tel. Co.	Coll. trust	4s	1929
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Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## MICHIGAN.

Amended in 1913

## SAVINGS BANKS.

(Act 262, P. A., 1905, as amended by Act  
 480, P. A., 1907.)

SEC. 27. A Sav. Bk. shall keep on hand at least 15% of its total deposits, 1-3rd of which reserve shall be in lawful money in its own vaults and the balance on deposit, payable on demand, with Bks., Nat. or State, in cities approved by the commissioners as reserve cities, *or invested in U. S. bonds*; 3-5ths of the remainder of the savings deposits shall be invested by the board of directors as follows:

(a) In bonds of the U. S., of any State or territory of the U. S.: PROVIDED, that such State or Territory has not, in the 10 yrs. preceding the time of such investment repudiated its debt and failed to pay the same, or the interest due thereon, or upon any part of such debt; or

(b) In the public debt or bonds of any city, county, township, village or Sch. Dist. of any State or Territory in the U. S., which shall have been authorized by the legislature of such State or Territory: PROVIDED, The total indebtedness of such municipality does not exceed 5% of its assessed valuation, except by a vote of 2-3rds of the board of directors, such bonds may be purchased if the total liabilities do not exceed 10% of its assessed valuation; or

(c) In the legally authorized 1st Mtg. bonds of any steam R. R. Corp. organized under the laws of any State of the U. S.: PROVIDED, That such Co. has for 5 yrs. prior to the time of making such investment by said Bk., paid annually, dividends equal to not less than 4% on its entire capital stock and has not during said period defaulted in the payment of the matured principal or



interest of any debts incurred by it and secured by Mtg. or Tr. deed upon its property or any part thereof, or in the payment of any part of the matured principal or interest of any bonds guaranteed and assumed by it; or

(d) In the 1st Mtg. bonds of R. R. Cos. whose lines are leased or operated or controlled by any R. R. Co. specified in paragraph (c) of this Sec., if said bonds be guaranteed both as to principal and interest by the R. R. Co. to which said lines are leased or by which they are operated or controlled;

(e) In the legally authorized Mtg. bonds of any steam R. R. incorporated under the laws of any state of the U. S., which shall have been issued for the purpose of retiring all prior Mtg. debt on so much of the property of such Co. as is covered by the Mtg. securing such issue of bonds, and further providing for additions, extensions or improvements: PROVIDED, That such Co. has, for 3 yrs. prior to the time of making such investment by said Bk., paid annually, dividends equal to not less than 4% on its entire capital stock, which capital stock shall equal or exceed in amount 1-3rd of the par value of all its bonded debt, and has not, during the same period, defaulted in the payment of the matured principal or interest of any debts incurred by it and secured by Mtg. or Tr. deed upon its property or any part thereof, or in the payment of any part of the matured principal or interest upon a bond guaranteed or assumed by it: PROVIDED, Said issues of bonds shall have been approved by the securities commission, hereinafter provided for;

(f) In the legally authorized 1st Mtg. bonds of any electric R. R., street Rwy., gas or electric light or power Co., organized under the laws of the State of Mich.: PROVIDED,\* That such Co. has, for 5 yrs. prior

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\* The balance of this paragraph although in "brown" applies equally to gas or electric light or power companies.

to the time of making such investment by said Bk., paid annually, dividends equal to not less than 4% on its entire capital stock, and has not, during the same period defaulted in the payment of the matured principal or interest or any debts incurred by it and secured by Mtg. or Tr. deed upon its property or any part thereof, or in the payment of any part of the matured principal or interest of any bonds guaranteed or assumed by it; or in the 1st Mtg. bonds of any such Co. which has been in operation less than 5 yrs.: PROVIDED, That the cost of construction and equipment of the plant of such Co. shall exceed by at least 50% the amount of the entire bonded debt of such Co., and the said plant and equipment shall be free from all other liens and encumbrances, and the said Co. shall have earned during the period it has been in operation, more than enough to pay all interest accrued on all said bonds and not less than 4% per annum dividends upon its entire capital stock outstanding: PROVIDED, Said issues of bonds shall have been approved by the securities commission hereinafter provided for;

(g) In the legally authorized 1st Mtg. bonds of steamship Cos.: PROVIDED, That such Mtgs. shall be upon steel steamship or steamships upon the great lakes and connecting waters of package freight and passengers combined of at least 5,000 tons carrying capacity each, and upon bulk freighters of at least 7,000 tons carrying capacity each: PROVIDED, Such bonds are issued at the time of completion and enrollment of such steamship or steamships, or within 1 yr. thereafter: AND PROVIDED FURTHER, That by the express terms of said Mtg., at least 10% of the total issue of said bonds shall be retired annually, beginning within 2 yrs. from the date of said bonds, and that the Mtg. liability against said property shall not exceed  $\frac{1}{2}$  of its actual cost: AND PROVIDED FURTHER, That the trustees of such Mtg. shall be required to protect the lien of said Mtg. by attending to the recording thereof and by

causing property covered by said Mtg. to be insured against all risks on vessel property ordinarily covered by such Ins., including marine risks and disasters, general and particular average, collision liability, protection and indemnity Ins. and Ins. against liability for injuries to persons, in Ins. Cos. and under forms of policies approved by the trustee, for an amount equal to the full insurable value of such steamship, such Ins. to be made with loss payable to said trustee and the policies deposited with it: AND PROVIDED FURTHER, That there shall be filed with the Com. of the Bkg. Dept. of this State a schedule of the Ins. upon such property, which schedule shall be signed by the trustee under said Mtg. and shall be accompanied by the certificate of said trustee that the policies mentioned in said schedule are held by said trustee and are payable to said trustee in case of loss for the benefit of the holders of the outstanding bonds issued under such Mtg.; and further, that similar certificates be filed from time to time by said trustee with said Com. of the Bkg. Dept. of this State, evidencing renewals of said Ins. by proper policies or legal Ins. binders: PROVIDED FURTHER, That by the terms of such Mtg., the mortgagor shall not suffer such steamship to become indebted in an amount exceeding 5% of the original amount of the principal of said Mtg. at any time and that the failure of the mortgagor to forthwith procure the release of such steamship or steamships, from mechanics', laborers', admiralty, statutory or other liens, claims or charges against such steamship, shall constitute a default in the provisions of such Mtg.: AND PROVIDED FURTHER, That such bonds shall have been approved by the securities commission hereinafter provided for;

(h) Said Bks. may loan the same upon negotiable paper, or other evidences of debt, secured by any of the above mentioned classes of security; or

(i) Upon notes or bonds secured by Mtg. lien upon unencumbered real estate worth



at least double the amount loaned; the remainder of such deposits may be invested in notes, bills or other evidences of debt, the payment of which is secured by the deposit with the Bk., of collateral security consisting of personal property or securities of known marketable value, worth 10% more than the amount so loaned and interest for the time of the loan; or may be invested in notes, bills or other evidences of debt, the payment of which is secured by such property or securities deposited in a Trust Company organized under the laws of this State; or may be deposited in any Nat. Bk., Tr. Co., or Bk. in cities in this or any other State, approved by the Com. of the Bkg. Dept. as reserve cities, and a portion of said remainder, not exceeding the capital and additional stockholders' liability, may be invested in negotiable paper approved by the board of directors, but the deposits in any one Bk. shall not exceed 10% of the total deposits, capital and surplus of the depositing Bk. In case the actual reserve shall fall below the 15% above provided, the Bk. shall promptly and in good faith, take measures to restore and maintain its lawful reserve, in default of which the Com. of the Bkg. Dept. shall require such restoration within 30 days after notice, \* \* \*

SEC. 32. \* \* \* No bank or bank officer shall give preference to any depositor or creditor by pledging the assets of the bank as collateral security: Provided, That any bank may pledge qualified assets of the bank for the purpose of becoming a depository for postal savings funds under the laws of the U. S., or for the purpose of becoming a depository for surplus funds belonging to the State of Mich.; but no bank transacting a Sav. business shall pledge Mtgs. or bonds which represent any portion of the investments of its Sav. deposits: \* \* \* In no case shall an overdraft of more than ninety days' standing be allowed as an asset of the bank. No bank shall permit its Pres., its Vice Pres., its cashier, or any of its directors, clerks, tellers,



bookkeepers, or other persons in its employ, to become liable to it by reason of overdrawn accounts; \* \* \*

SEC. 52. The total liabilities to any Bk. of any person or of any Co., Corp. or firm for moneys advanced, including in the liabilities of the Co. or firm, the liabilities of the several members thereof, except special partners, shall at no time exceed 1-10th part of the amount of the capital and surplus of such Bk., but the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed: PROVIDED, HOWEVER, That the foregoing limitations shall not apply to loans on real estate or other collateral securities authorized by this act and deposited with the Bk., or a Trust Co. organized under the laws of this State: PROVIDED FURTHER, That by a 2-3rds vote of directors, the liabilities to any Bk. of any person or Co. or Corp. or firm may be increased to a sum not exceeding 1-5th of the capital and surplus of the Bk.; but such additional 1-10th of such capital and surplus shall not be loaned to any officer or director, or to any partnership in which such officer or director is a partner, or to any Corp. in which such officer or director owns a majority of the capital stock, until such officer, director, partnership or Corp. furnishes collateral or endorsements satisfactory to the directors, or files with the bank a sworn statement of assets and liabilities showing a net worth of sufficient amount to be entitled to such credit: PROVIDED FURTHER, That before any Bk., under the supervision of the laws of this State, shall loan any of its funds to its officers or its employes, such loans shall be first submitted to the directors of such Bk. for their approval. Not more than 1-4th of the assets of any Bk. shall be loaned or invested in steam R. R. bonds and not more than 1-10th of the assets of any Bk. shall be invested in the bonds of any one R. R. Corp.

described in paragraph (c) or (d) of Sec. 27, and not more than 1-20th\* of such assets in the bonds of any Co. or Corp. described in paragraphs (e), (f) or (g) of said Sec., and not more than 1-10th of the assets of any Bk. shall be loaned to any one person, Corp. or firm on the collateral pledges described in paragraph (h) of same Sec.

(Act 262, P. A., 1905.)

SEC. 67. There shall be a board of commissioners for the purpose of passing on the securities mentioned in paragraphs (e), (f) or (g) of Sec. 27 of this act, consisting of the Com. of the State Bkg. Dept., who shall be chairman, the Attorney General and the State Treasurer of this State, who shall be members of this board during their respective terms of office, which board shall be known as the Securities Commission. It shall be the duty of this commission, whenever an issue of bonds, which shall come within the requirements of paragraphs (e) and (f) of Sec. 27 of this act, shall be presented to them, to examine into the financial conditions of the Corp. issuing such bonds, and ascertain whether such issue is excessive as compared with the value of the property of such Corp., and if they shall find that such issue of bonds is not excessive and that they comply with the other requirements of said paragraphs of said Sec., they shall so certify in a book to be kept in the State Bkg. Dept. for that purpose, and thereupon said Bks. may invest in such bonds. The actual expense of the commission in examining the issues of bonds presented as aforesaid, shall be paid by the person or Co. applying to said commission to have such bonds certified as legal investment under said paragraphs of said Sec.

#### TRUST COMPANIES.

SEC. 2. \* \* \* As soon as possible, and not

\* This 1-20th limitation applies to street Rwy. Co. bonds.

later than 6 Mos., after any such Co. has commenced business under the provisions of this act, it shall deposit with the State treasurer of this State not less than 50% of the amount of its capital stock, nor more than \$200,000 in amount; such deposit to be in bonds and Mtgs., or notes and Mtgs. on unencumbered real estate within the State of Mich., worth double the amount secured thereby, or public stocks and bonds of the U. S., or any State of the U. S., that has not defaulted on its principal or interest within 10 yrs., or of any organized county or township, or incorporated city or village, or Sch. Dist. in this State, or in any other such State, duly authorized to be issued; and upon all which bonds or other securities there shall have been no default in the payment of interest or principal; which bonds and Mtgs., or notes and Mtgs., or public stocks or bonds, shall be held by the State treasurer, in trust, as security for the depositors and creditors of said Corp. \* \* \*

SEC. 9. \* \* \* Such Corp. shall have power to loan money upon real estate and collateral security, and execute and issue its notes and debentures, payable at a future date, and to pledge its Mtgs. on real estate and other securities as security therefor. \* \* \*

SEC. 10. It shall be lawful for any such Corp. to lease, purchase, hold and convey all such personal estate as may be necessary to carry on its business, or as it may deem necessary to acquire in the enforcement or settlement of any claims or demands arising out of its business transactions, and to execute and issue in the transaction of its business, all necessary receipts, certificates, papers and contracts which shall be signed by such person or persons as may be designated by the by-laws of such Corp.; and it shall be lawful for any such Corp. to lease, purchase, hold and convey real estate as its corporate property for the following purposes, but no other:

1st. Such as shall be necessary for the convenient transaction of its business, in-



cluding with its business office other apartments in the same building, to rent, as a source of income, but which shall not exceed 50% of its paid-in capital and surplus.

2d. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business.

3d. Such as it shall purchase at sales under judgments, decrees or Mtgs., held by it, but such Corp. shall not bid at any such sale a larger amount than is necessary to satisfy its debt and costs. Real estate shall be conveyed by such Corp. under its seal and the hand of such officer or officers as may be designated by the by-laws of such Corp. No real estate acquired in the cases contemplated in the 2nd and 3rd sub-secs. above shall be reckoned as an asset for a longer time than 5 yrs.

And it shall also be lawful for such Corp. to take and accept by grant, assignment, purchase, transfer, device, or bequest, and hold any real or personal estate in trust, in pursuance of the directions of any trust created in accordance with the laws of this State, or of the U. S.

Every such Corp. shall keep on hand funds to an amount equal to at least 20% of its matured obligations and money due and payable, 3-4ths of which reserve may be kept in any Bk. or Tr. Co. approved by the Com. of the Bkg. Dept.

SEC. II. \* \* \* And such board of directors may invest or loan the balance of its capital stock and other moneys received by such Corp. in trust, in bonds secured by Mtgs. or notes and Mtgs. on unencumbered real estate within the State of Mich., worth double the amount secured thereby, or in public stocks and bonds of the U. S., or any State of the U. S. that has not defaulted on its principal or interest within 10 yrs.; or of any organized county or township, or incorporated city or village or Sch. Dist. in this State or in any other such State, duly authorized to be issued, or in such real or personal securities as they may deem proper.



SEC. 52 under Commercial Bks. also applies to Tr. Cos.

### COMMERCIAL BANKS.

SEC. 23. Any Bk. which by its articles of incorporation shall designate its business as that of a Commercial Bk. shall have power to carry on the business of banking as prescribed and limited in this act, but it shall not lend to exceed 50% of its capital stock and surplus upon Mtg. or any other form of real estate security, and then only upon the adoption of a resolution by a 2-3rds vote of the board of directors stating to what extent its officers may loan on real estate, as herein provided, except to secure a debt previously contracted in good faith on personal security deemed at the time adequate to secure such loan.

SEC. 24. Commercial Bks. may invest their capital and deposits, except the reserve provided for in this Sec., in negotiable or commercial paper, or loan the same upon personal securities.

\* \* \* SEC. I. No Bk. shall take as security for any loan or discount a lien upon any part of its capital stock. The same security in kind and amount shall be required of stockholders and of persons not stockholders. No Bk. shall be the holder or purchaser of any portion of its capital stock unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Stock so purchased shall in no case be held by the Bk. for a longer time than 6 Mos., if the stock can be sold for what it cost, and it must be sold for the best price obtainable within 1 yr., or canceled as hereinafter provided for the reduction of capital stock.

\* \* \* SEC. II. A bk. may purchase, hold and convey real estate for the following purposes, but no other:

1st. Such as shall be necessary for the convenient transaction of its business, including with its banking office, other apartments to rent as a source of income, but which shall not exceed 50% of its paid-in capital;

2d, Such as shall be conveyed to it in satis-

faction of debts previously contracted in the course of its business;

3d. Such as it shall purchase at sale under judgments, decrees, or Mtg. foreclosures under securities held by it; \* \* \*

SEC. 52. In addition to the investments authorized by statute, State Bks. and Tr. Cos. may invest their deposits and the income derived therefrom: 1st, In the legally authorized bonds of the New York Cent. & Hudson Riv. R. R. Co., of the Mich. Cent. R. R. Co., of the Lake Shore & Mich. So. Rwy. Co., of the Ill. Cent. R. R. Co., of the Penn. R. R. Co., of the Del., Lackawanna & Western R. R. Co., of the Chi., Bur. & Quincy R. R. Co., of the Chi. & Northwestern Rwy. Co. and the Del. & Hud. Canal Co.: PROVIDED, that all such bonds hereby authorized for investment shall be secured by a 1st Mtg. of the whole or a part of the R. R. and R. R. property actually in the possession of and operated by such Co., and provided that each R. R. whose bonds are hereby authorized for investment shall have earned and paid regular dividends of not less than 4% each fiscal yr. on all its issues of capital stock for the 10 yrs. next preceding such investment, and that such capital stock shall equal or exceed in amount 1-3rd of the par value of all its bonded indebtedness. Not more than 20% of the whole amount of deposits of any Bk. shall be loaned or invested in R. R. bonds, and not more than 5% of the deposits of any Bk. shall be invested in the bonds of any one R. R. **Street and electric Rwy. Corps., shall not be considered R. R. Corps. within the meaning of this subdiv.** 2d, In the legally authorized bonds of any R. R. Co. incorporated under the authority of the States of N. Y., Mass., Ohio, Mich., Ill. or Iowa, whose road is located wholly or in part in the same and has earned and paid regular dividends of not less than 4% per annum on all its issues of capital stock for the 10 yrs. preceding such investment: PROVIDED, said bonds be secured by a 1st Mtg. of the whole or a part of the R. R. and R. R.

property, of such Co. and be guaranteed, both principal and interest, by one or more of the Cos. named in the 1st clause of this act.

See also Sec. 32 under Savings Banks.

**SAFETY AND COLLATERAL DEPOSIT  
COMPANIES.**

(Act 478, P. A., 1907.)

SEC. 10. It shall be lawful for any such Corp. to purchase, lease, hold and convey all such real and personal estate as may be necessary for the proper conduct of its business. Any surplus of capital not used for the purposes aforesaid may be invested in such securities as are designated by law as lawful investments for Sav. Bks.

Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## MINNESOTA.

AMENDED IN 1913.

## SAVINGS BANKS.

2976. Save as otherwise specially provided, the entire cost of land and buildings for the transaction of the business of a Sav. Bk., including premises leased to others, shall not be more than 50% of its net surplus, assets other than cash being taken at cash market value. Any such corporation may change its location, dispose of its place of business, and acquire another, upon the written approval of the examiner.

3021. Any such Bk. may purchase, hold, or convey land sold upon foreclosure of Mtgs. owned by it, or upon judgments or decrees in its favor, or in settlement of debts, or received in exchange as part of the consideration of real estate sold by it. But real estate so received in exchange shall not be carried on the books of the Bk. at a price exceeding the cost of that exchanged, less the cash payment, and all real estate so acquired shall be sold within 10 yrs. after its acquirement, unless the time is extended by the public examiner on application of the board of trustees.

3022. AUTHORIZED SECURITIES. The trustees of any Sav. Bk. shall invest the moneys deposited therein only as follows:

1. In the bonds or other interest bearing obligations of the U. S., or in securities for the payment of which and interest thereon the faith of the government is pledged.

2. In the bonds of any state which has not defaulted in the payment of any bonded



debt within 10 yrs. prior to the making of such investment.

3. In the bonds of any county, city, town, village, school, drainage, or other Dist. created pursuant to law for public purposes in Minn., or in any warrant, order or interest bearing obligation issued by this state, or by any city, city board, town or county therein, provided, that the net debt of any such municipality or Dist., as net debt is defined by Revised Laws, 1905, Sec. 777, and its amendments, shall not exceed 10% of its assessed valuation, or in the bonds of any county, city, town, village, school, drainage or other Dist., created pursuant to law for public purposes in Iowa, Wis., and No. and So. Dak., or in the bonds of any city, county, town, village, Sch. Dist., drainage or other Dist. created pursuant to law for public purposes, in the U. S., containing at least 3,500 inhabitants; provided that the total bonded debt of any such municipality or Dist. shall not exceed 10% of its assessed valuation.

4. In notes or bonds secured by Mtgs. or Tr. Deeds on unincumbered real estate in Minn., Wis., Iowa, No. Dak., So. Dak., and Mont., worth when improved at least twice and when unimproved at least 3 times the amount loaned thereon. But not more than 70% of the whole amount of the moneys of the Bk. shall be so loaned, and such investment shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

5. In notes secured by such bonds or Mtgs. as the Bk. under this section is authorized to invest in, but no such bond or Mtg. shall be taken as collateral security for more than its par value, nor shall the aggregate amount of securities taken be less than the full amount loaned thereon,

and no such loan shall be made for a longer time than 1 year, nor to a greater amount to any 1 person than 3% of the total deposits of the Bk. No such Bk. shall loan in the aggregate on the security specified in this paragraph, more than  $\frac{1}{4}$  of its deposits.

6. In the bonds of any R. R. Co., or the successor of any R. R. Co., which has received a land grant from the government, and whose bonds are secured by 1st lien upon its R. R.

7. In the bonds of any other R. R. Co. which are secured by 1st lien upon a R. R. within the U. S., or in the Mtg. bonds of any such Co., of an issue to retire all prior Mtg. debt thereof, or in the bonds of any R. R. Co. in the U. S. which are guaranteed or assumed by another R. R. Co. within the U. S.: PROVIDED, that the R. R. Co., except one whose bonds are so guaranteed or assumed, either issuing, guaranteeing, or assuming any of such bonds, has not within 5 yrs. prior to such investment failed in the payment of a dividend upon its entire capital stock outstanding of not less than 4% per annum each fiscal yr., and has not within such time defaulted in the payment of any part of the principal or interest of any debt incurred by it and secured by trust deed or Mtg. upon its road or any part thereof, or in the payment of any part of the principal or interest of any bonds guaranteed or assumed by it. But no such Bk. shall loan upon or invest in R. R. bonds to an amount exceeding in the aggregate 20% of its deposits, nor exceeding 5% of its deposits in the bonds issued, guaranteed, or assumed by any one R. R. Co.

8. In the debenture stock of any R. R. Co. owning and operating a line of road in whole or in part within the state, PROVIDED that such stock shall bear interest at the rate of at least 4% per annum, and shall be secured by trust deed as a 1st lien upon

such line of Rwy., and that not more than 5% of its deposits shall be invested in such stock.

The term "authorized securities," whenever used in the Revised Laws, shall be understood as referring to the securities specified in this Sec.

777. NET INDEBTEDNESS DEFINED.—The words "net indebtedness," as used herein, shall mean the sum of all outstanding money obligations of the corporation referred to, after deducting:

1. Orders or warrants drawn upon the treasurer, and payable forthwith.

2. Certificates of indebtedness and bonds issued for the creation or maintenance of a permanent improvement revolving fund.

3. Obligations incurred in acquiring land for streets, parks or other public improvements, and payable from the proceeds of assessments levied upon property especially benefited by such improvements.

4. Bonds issued for the purchase or construction of public waterworks, or for the enlargement, protection or distribution of the water supply, for the establishment of public lighting, heating, or power plants, and for the acquisition and equipment, by purchase or otherwise, of street railways, telegraph or telephone lines, or any other public convenience from which a revenue is or may be derived.

5. The amount of all money, and the face value of all securities held as a sinking fund for the extinguishment of corporate debts other than those enumerated in this section.

3023. Its board shall promptly invest all deposits except so much, not exceeding 15%, as may be required for current necessary disbursements, which it shall retain or deposit in solvent authorized banking institutions in Minn. or in the cities of N. Y. or Chicago, or in loans payable on demand upon any of the first 2 classes of author-

ized securities to the extent only of 90% of their cash market value, but never exceeding par; upon condition always that in case of depreciation below that proportion it shall be immediately restored by additional security of the same classes or at once repaid. But meanwhile so much thereof as cannot be judiciously so invested and as is not deemed necessary to be kept on hand shall be deposited daily in 1 or more solvent Bks. or Tr. Cos. In case of the insolvency thereof, their indebtedness, if any, to a Sav. Bk. shall be preferred to that of every other creditor except the U. S. and this state. \* \* \*

Savings Banks Acting Under the Law of 1867.

Note: There are two distinct Sav. Bk. laws in Minn. The foregoing matter covers all but the Hennepin County Sav. Bk., Minneapolis, and the Winona Sav. Bk., Winona, which are acting under the Law of 1867, given below.

(Chapter 71.)

SEC. 7. No president, trustee or officer or servant of such Corp., shall directly or indirectly borrow the funds of such Corp., or its deposits, or in any manner use the same in their private affairs or business.

SEC. 8. At least  $\frac{1}{2}$  of the whole amount deposited shall be invested.

1st. In the bonds or interest-bearing notes or obligations of the U. S., or those for which the faith of the U. S. is pledged for the payment of the interest and principal.

2d. In the bonds of any state in the Union, provided that such state has not within 10 yrs. previous to making such investment by such Corp. defaulted in the payment of any part of the principal or interest on any debts authorized by any



legislature of such state to be contracted, and of the State of Minn., issued since 1860.

3d. In the bonds of any city, county, town, village or Sch. Dist. in the states of Minn., Wis., Iowa, No. Dak., So. Dak., Ill., Ind., Ohio or Mich., or in any warrants or interest-bearing obligations issued by the said states or counties in said states, or city or city board, town, village or Sch. Dist. within the county in which such Bks. shall be situated, or in the bonds of any city, county, town, village or Sch. Dist. of the U. S., which city, county, town, village or Sch. Dist. had at least 5,000 inhabitants as determined by the state or U. S. census taken next preceding the issue of bonds tendered; *provided*, that the bonded debt of any such city, county, town, village or Sch. Dist. so tendering bonds shall not exceed 10% upon the assessed valuation of such city, county, town, village or Sch. Dist. at the time of the issue of the bonds tendered.

4th. In notes secured by Mtg. on unincumbered real estate situate in the states of Minn., Wis., Iowa, No. Dak. or So. Dak., and worth at least twice the amount loaned thereon, but in case the loan is on unimproved or unproductive real estate the amount loaned thereon shall not be more than 30% of its actual value, and no investment in any bond and Mtg. shall be made by any Sav. Bk. except upon the report of a committee charged with the duty of investigating the same, and who shall certify to the value of the premises mortgaged, or to be mortgaged, according to their best judgment, and such report shall be filed and preserved among the records of the institution.

5th. The remaining  $\frac{1}{2}$  may be invested in said bonds or loaned on the aforesaid securities or upon approved personal or collateral security or in the bonds of any R. R. Co. as hereinafter provided, or used

to buy and sell exchange; but no loan shall be made upon the personal security of less than 2 responsible individuals.

6th. In the bonds of any R. R. Co., or the successor of any R. R. Co., which has received a land grant from the government of the U. S., and which are secured by 1st lien upon its R. R.

7th. In the bonds of any other R. R. Co., which are secured by 1st lien upon a R. R. within the U. S., or in the Mtg. bonds of any such R. R. Co. of an issue to retire all prior Mtg. debt of such R. R. Co.; or in the bonds of any R. R. Co. within the U. S., which are guaranteed or assumed by another R. R. Co., within the U. S.; *provided*, that the R. R. Co. (except a R. R. Co. whose bonds are guaranteed or assumed as aforesaid) either issuing, guaranteeing or assuming any of said bonds has not within 5 yrs. prior to the time of making such investment by said Bk. failed in the payment of a dividend, upon its entire capital stock outstanding, of not less than 4% per annum each fiscal yr. during said 5 yr. period; and has not within 5 yrs. prior to the time of making such investment by said Bk., defaulted in the payment of any part of the principal or interest of any debt incurred by it and secured by Mtg. or trust deed upon its R. R., or any part thereof, or in the payment of any part of the principal or interest of any bonds guaranteed or assumed by it; and *provided further*, that no Sav. Bk. shall ever loan upon, or invest in R. R. bonds to exceed in the aggregate 20% of its deposit nor shall such Sav. Bk. ever loan upon or invest in the bonds issued or guaranteed or assumed by any one R. R. Co., to exceed in the aggregate 5% of its deposits.

## TRUST COMPANIES.

3333. \* \* \* No Tr. Co. hereafter organized shall transact any business until all of its authorized capital stock has been paid in, in cash, or, if such authorized capital be more than \$200,000, until at least \$200,000 thereof has been paid in, in cash, and at least 50% of the capital of all Tr. Cos. of less than \$200,000 and 25% of the capital of all Tr. Cos. of \$200,000 or more hereafter organized has been invested in one or more of the 1st, 2d, 3d, 4th, 7th, and 8th classes of authorized securities,\* duly assigned and transferred to and deposited with the Supt. of Bks., and his certificate thereof procured; or, if its capital be more than \$200,000, until at least  $\frac{1}{4}$ th thereof has been so invested, assigned, transferred and deposited, and such certificate thereof procured. \* \* \* Such deposit shall be maintained unimpaired as a guaranty fund for depositors and creditors and for the faithful discharge of its duties, with the right to collect the income thereof and to substitute other like authorized securities\* of equal amount and value.

The capital stock of any Tr. Co. may be reduced with the approval of the Supt. of Bks.,† \* \* \* and no assets shall be returned to the stockholder unless its deposits of authorized securities\* after such return equal  $\frac{1}{4}$ th of such reduced capital in no event less than \$25,000; \* \* \*.

3035. Such corporation may acquire, use, and improve, and for that purpose Mtg., lease, sell, and convey, such real and personal property as may be necessary for the transaction of its business. Any estate or interest in real estate which it may acquire by virtue of the foreclosure of any Mtg., Tr. deed, or other security, or by the settle-

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\* See Section 3022 under Savings Banks, which allows certain railroad and municipal securities.

† But not below a certain minimum.

ment of any obligation or otherwise, in the course of its legitimate business, it may sell or continue to hold and use as deemed for its interests or those of the estate or trust to which the same belongs, and to that end it may become the purchaser at any foreclosure or judicial sale to which it is a party as trustee or otherwise. It may also accept or make any deed, Mtg., or other instrument necessary for the transaction of its business, may loan money and secure such loans by Mtg., Tr. deed or pledge, purchase notes, bonds, Mtgs., and other evidences of debt, and securities, and sell and assign the same, and convert them into cash or into other authorized securities,\* or securities and property not herein expressly prohibited.\*\*\* It shall invest none of its capital or surplus in real estate except as herein authorized, nor any of its deposits or Tr. funds or property therein except as so authorized, or under or by virtue of an express contract, judgment, or other instrument conferring or imposing special power and authority so to do.

3040. It may invest all moneys received by it in trust in authorized securities,\* and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of such investments and securities so made, and for the safe-keeping of the securities and evidences thereof. Whenever special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow such directions, and in such case it shall not be further responsible by reason of the performance of such trust. In all other cases it may invest the same in any of said

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\* See Section 3022 under Savings Banks, which allows certain railroad and municipal securities.



authorized securities,\* using its best judgment in the selection thereof, and shall be responsible for their validity, regularity, quality, and value thereof at the time made, and for their safe-keeping. It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity.

3043. Any amount not less than \$100,000 received by it as executor, administrator, guardian, or other trustee, or by order of court, not required for the purposes of such trust, or not to be accounted for within 1 yr., it shall invest as soon as practicable in authorized securities\* either then held by it or specially procured by it; and the income, less its proper charges, shall become part of the trust estate, and the net accumulations thereon shall be likewise invested, accounted for, and allowed in the settlement of such trust.

3045. \* \* \* It shall not lend its funds, moneys, capital, trust funds, or any other property whatsoever, to any director, officer, agent, or employee, nor shall any such director, officer, agent, or employee become in any manner indebted to it by means of any overdraft, promissory note, account, indorsement, guaranty, or any other contract. \* \* \*

#### STATE BANKS.

##### BANKS OF DISCOUNT AND DEPOSIT.

2976. Save as otherwise specially provided, the entire cost of land and buildings for the transaction of the business of such a corporation, including premises leased to others, shall not be more than as follows, assets other than cash being taken at cash market value: For a Bk, 25% of its ex-

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\*See Section 3022 under Savings Banks, which allows certain railroad and municipal securities.

isting capital and surplus. Any such corporation may change its location, dispose of its place of business, and acquire another, upon the written approval of the examiner.

2989. No director shall directly or indirectly, in any manner, use the funds of the Bk. or any part thereof except in its regular business transactions, and every loan made to any of its directors, officers, servants, or agents shall be upon the same security required of others and in strict conformity to its rules and regulations. Every such loan shall be made by the board and acted upon in the absence of the applicant.

2992. It shall make no loan or discount on the security of its own capital stock, nor be the purchaser or holder thereof unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall be disposed of at public or private sale within 6 mos. after it is so acquired.

2993. The total liabilities to it, as principal, surety, or endorser, of any person, Corp., or co-partnership, including the liabilities of the several members thereof, shall never exceed 15% of its capital actually paid in cash and of its actual surplus fund. PROVIDED, HOWEVER, that loans not exceeding 25% of such capital and surplus made upon 1st Mtg. security on improved farms in the State of Minn., shall not constitute a liability of the maker of the notes secured by such Mtgs. within the meaning of the foregoing provision limiting liability, but shall be an actual liability of such maker; PROVIDED, that such Mtg. loans be limited to, and in no case to exceed 40% of the cash value of the security covered by such Mtg. The total liability of any officer or director shall never exceed 10% of the same aggregate amount. But the discount of the following classes of paper shall not

be regarded as creating liability within the meaning of this section, viz.:

1. Of commercial paper actually owned by the person negotiating the same, or of the bonds, orders or warrants of any county, town, village, or Sch. Dist. in this State.

2. Bills of exchange drawn in good faith against actually existing values.

3. Paper based upon the collateral security of warehouse receipts covering agricultural or manufactured products stored in elevators or warehouses under either of the following conditions:

1st. When the actual market value of the property covered by such receipts at all times exceeds by at least 10% the amount loaned thereon.

2d. When the full amount of every such loan is at all times covered by fire insurance in duly authorized Co's., within the limit of their ability to cover such amounts, and the excess, if any, in Co's., having sufficient paid-up capital to authorize their admission, and payable, in case of loss, to the Bk. or holder of the warehouse receipt, unless accompanied by a certificate of the R. R. and Warehouse Commission declaring the warehouse issuing the same to be fireproof.

2995. The real estate used by it for the transaction of its business may include premises leased to others, provided the entire cost does not exceed 25% of its actual paid-in capital and surplus. It shall hold no other real estate longer than 5 yrs., unless such time has been extended by certificate of the public examiner duly filed for record with the register of deeds of each proper county.

2996. \* \* \* Whenever its reserve shall become impaired, it shall make no new loans or discounts except upon sight bills of exchange. \* \* \*

Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## MISSOURI.

Revised Statutes of 1907.

In effect on and after January 15, 1909.

**BANKS OF DEPOSIT AND DISCOUNT.**

(Chapter 12, Article VIII.)

SEC. 4. Every such Corp. shall be authorized and empowered to conduct the business of \* \* \*, loaning money upon real estate or personal property, and upon collateral and personal securities, at a rate of interest not exceeding that allowed by law, and also of buying, selling and discounting negotiable and non-negotiable paper of all kinds, as well as all kinds of commercial paper; and for all loans and discounts made, such Corp. may receive and retain in advance the interest. \* \* \*

SEC. 8. Every Bkg. Corp., \* \* \* shall, at all times, have an amount of cash on hand, and cash due from other Bks. equal to at least 15% of the aggregate amount of its demand deposits. Whenever the reserve of a Bk., as hereinbefore required, shall fall below 15% of its demand deposits, then such Bk. shall not make any new loans or discounts until it shall, by collections, restore its lawful reserve.

SEC. 9. \* \* \* No director or officer of a Bk. of this state shall be permitted to borrow any of the money of the Bk. in which he is a director or officer in excess of 10% of the capital and surplus without the consent of a majority of the directors of the Bk., other than the borrower, first having been obtained in a regular meeting of the board, said consent to be made a matter of record before the loan is made.

SEC. 19. No Corp. now existing, nor any hereafter organized under any law of this



state, whether general or special, as a Bk., or to carry on a Bkg. business, shall employ its moneys, directly or indirectly, in trade or commerce, by buying and selling ordinary goods, chattels, wares and merchandise, or by owning or operating industrial plants: PROVIDED, that it may sell all kinds of property which may come into its possession as collateral security for loans, or in the ordinary collection of debts.

SEC. 20. No incorporated \* \* \* Bk. in this state shall loan its money to any individual, Corp. or Co., directly or indirectly, or permit any individual Corp. or Co. to become at any time indebted or liable to it in a sum exceeding 25% of its capital stock, actually paid in, or permit a line of loans or credits to any greater amount to any individual or Corp.; a permanent surplus, the setting apart of which shall have been certified to the Bk. Com., and which can not be diverted without due notice to said officer, may be taken and considered as a part of the capital stock for the purposes of this Sec.: PROVIDED, said surplus is equal to or in excess of 50% of the capital stock of said Bk.: PROVIDED, that the provisions in this Sec. shall not be so construed as in anywise to interfere with the rules and regulations of any clearing association in this state in reference to the daily balances between Bks.: PROVIDED, that this Sec. shall not apply to balances due from correspondents subject to draft; AND PROVIDED, FURTHER, that the discount of the following classes of paper shall not be considered as money borrowed within the meaning of this Sec., viz.: (1) The discount of bills of exchange drawn in good faith against actually existing values. (2) The discount of paper based upon the collateral security of warehouse receipts, covering agricultural and manufactured products, in stores, in elevators and warehouses, under the following conditions: 1st, that the actual market value of the property held in store and covered by such receipts shall at all times exceed by at least 20% the amount loaned

upon same. 2d, that the full amount of the loans shall at all time be covered by policies of fire Ins. issued by Cos. admitted to do business in this state to the extent of their ability to cover such loans, and then by Cos. having sufficient paid-up capital to be so admitted, and all such policies shall be made payable in case of loss to the Bk. or holder of the warehouse receipts.

See also Art. XX at the end of Tr. Cos.

### TRUST COMPANIES.

Revised Statutes of 1907.

(Chapter 12, Article XII.)

SEC. 5. Corps. may be created under this Art. for any of the following purposes \* \* \* 8th, to loan money upon real estate and collateral security, and execute and issue its notes and debentures payable at a future date, and to pledge its Mtgs. on real estate and other securities as security therefor, which notes and debentures may be issued to an amount not exceeding, in the aggregate, 10 times the amount paid up on the capital stock of the Co. issuing the same, and shall in no case exceed the amount of first Mtgs. pledged to secure their payment; 9th, to buy and sell all kinds of government, state, municipal and other bonds, and all kinds of negotiable and non-negotiable paper, stocks or other investment securities.

SEC. 5 a. \* \* \* Whenever the reserve of a Tr. Co., as herein required, shall be below 15% of its demand deposits, as herein above defined, then such Tr. Co. shall not make any new loans or discounts until it shall restore its lawful reserve. \* \* \*

SEC. 8. \* \* \* Whenever the reserve of a Tr. Co. as hereinbefore required shall fall below 15% of its deposits, then such Tr. Co. shall not make any new loans or discounts until it shall, by collections, restore its lawful reserve: PROVIDED, HOWEVER, that deposits made with such Tr. Co. for a definite and specified time, and not subject to check,

shall not be considered in determining the aggregate amount of deposits at any given time, as contemplated by this Sec.

SEC. 9. \* \* \* No director or officer of a Tr. Co. in this state receiving deposits shall be permitted to borrow any of the money of the Tr. Co. in which he is a director or officer in excess of 10% of the paid-up capital and surplus without the consent of a majority of the directors of the Tr. Co., other than the borrower, first, having been obtained in [a] regular meeting of the board, said consent to be made a matter of record before the loan is made.

SEC. 10. The directors of Corps. created under this Art. shall have power of investing the moneys placed in their charge in loans secured by real estate or other sufficient collateral security, in public bonds of the U. S., or of this state, or in the bonds or stock of any incorporated city or county in this state. Such Corp. shall own only such real estate as may be required for the transaction of their business, and such as they may require in the enforcement and collection of debts or liabilities due to them. \* \* \*

SEC. 18. Any Co. now doing business in this state, or which may hereafter be organized under the provisions of this Art. to do business in this state, which shall make with the Supt. of the Ins. Dept. a deposit of \$200,000, consisting of cash, treasury notes of the U. S., or government, state, county, municipal or other bonds, or bonds, notes or debentures secured by 1st Mtgs. or deeds of Tr. on unencumbered real estate in the state of Mo., worth at least double the amount loaned thereon, or such other first-class securities as the said Supt. may approve, said bonds or securities not to be received or held at a rate above par, but if their market value is less than par, they shall not be held above their actual market value, and which shall satisfy said Supt. of its solvency, and shall have received the certificate of said Supt. that such Co. has made said deposit and has satisfied him of its solvency,



it being hereby made the duty of said Supt. to issue such certificate in accordance with the facts, shall be permitted to qualify as guardian, curator, executor, administrator, assignee, receiver, trustee, by appointment of any court, or under will, or depository of money in court, without giving bond as such. \* \* \*

And in case the interest on any security deposited with the Supt. of the Ins. Dept. under this Sec. shall not be paid at maturity, and shall remain unpaid for 6 mos. thereafter, it shall be his duty to require the Co. which deposited the same to remove them and deposit in their place other securities, equal in amount to those removed, upon which the interest has not been defaulted. \* \* \*

(Chapter 12, Article XX.)

SEC. 15. No Bk., Sav. & Safe Dep. Co. or Tr. Co. receiving deposits shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within 6 mos., from the time of its purchase, be sold or disposed of at public or private sale. \* \* \*

## SAVINGS AND SAFE DEPOSIT INSTITUTIONS.

Revised Statutes of 1907.

SEC. 7. Corps. may be created under this Art.: 1st, for the purpose of receiving, for accumulation and safe keeping, and deposit of money, from any person, Corp. or society, and investing, holding and repaying the same, crediting and paying interest thereon, as in this Art. authorized and provided, and not otherwise. \* \* \*

All sums so received, except those held as bailee for safe keeping and storage only, and the income derived therefrom, and all



moneys entrusted to any such Corp., by order of court or other lawful authority, shall be invested only as follows:

1st. In bonds or interest-bearing notes or obligations of the U. S., or those for which the faith of the U. S. is pledged for the payment of the interest and principal.

2d. In bonds of this state bearing interest.

3d. In bonds of any state in the Union that has not, within 5 yrs. previous to making such investments by such Corp., defaulted in the payment of any part of either principal or interest thereof.

4th. In bonds of any city, county, town, township or Sch. Dist. of this state that has not defaulted in the payment of any part of either principal or interest thereof, within 5 yrs. previous to making such investment; and provided, such bonded debt does not exceed 5%.

5th. In the bonds of any city, town or county which had, in each case, at the time of the investment, more than 20,000 inhabitants, as ascertained by the U. S. or state census made next preceding such investment in the states of Ill., Ohio, Ind., Mich., Iowa, Kans., Neb., Wis., Colo. or Texas, issued pursuant to the authority of any law of such states: PROVIDED, the entire bonded debt of such city or county shall not exceed 5% of the assessed value of the taxable property therein, including the issue of bonds in which said investment is made, as shown by the last assessment preceding the investment: AND, PROVIDED FURTHER, that such city, town or county, or state in which it is situated, has not defaulted in the payment of any part of either principal or interest thereof within 5 yrs. previous to making such investment. It shall not be lawful for any Sav. Inst. organized under this Art. to invest more than 25% of its assets in the bonds of cities, towns or counties situated outside of this state, nor to invest more than 3% of its assets in the bonds of any one of such cities, towns or counties, nor to invest in more than 10% of all the bonds issued by any such city,

town or county, nor to make any investment in the bonds of any city, town or county situated out of this state, which has been or shall be issued to aid in the construction of any R. R.

6th. In the 1st Mtg. bonds of any steam Rwy., the income of which is sufficient to pay all operating expenses and fixed charges, and which is completed and operated, wholly or in part, in the following named states: Mo., Ind., Iowa, Minn., Kans., Neb., Colo., Mich., Ill., Wis., Ark., Texas, and Ohio, and which has paid the interest as it became due on its bonds for 3 yrs. next preceding such investment, or in the 1st Mtg. bonds of the Cent. Pac., Nor. Pac., Union Pac., N. Y. Cent., West Shore and Penn. Rwy. Cos.

7th. In bonds or notes secured by 1st Mtgs. or deeds of Tr. on unencumbered real estate, worth at least twice the amount loaned thereon; but in case the loan is on unimproved and unproductive real estate, the amount loaned shall not be more than 40% of its actual value; but not to exceed 60% of the whole amount of the funds of the Corp. shall be so loaned or invested; and no investment in any bond or notes so secured shall be made, except upon the report of a committee charged with the duty of investigating the same, who shall certify to the value of the premises mortgaged, according to their best judgment, and such report shall be filed and preserved among the records of the institution.

8th. In real estate, subject to the provisions of Sec. 8 of this Art.—It shall be the duty of the directors of any such Corp., as soon as practicable, to invest such fund of money, by purchase or otherwise, in the securities named in Secs. 7 and 8 of this Art., with power from time to time to sell and reinvest the proceeds of such investment; but for the purpose of meeting current payments and expenses in excess of the receipts, any of the securities may be sold or pledged; and there shall be kept an available cash fund of not less than 15% of the whole amount of

its assets, and the same, or any part thereof, together with the current receipts over the payments, may be kept on hand or on deposit, payable on demand, in any Bk. or Bkg. Asso. in the state of Mo., organized under any law of this state or of the U. S., or with any Safe Dep. Co. or Tr. Co. incorporated under the laws of this state. The deposits in any one Bk., Safe Dep. or Tr. Co. shall not exceed 20% of the total deposits, capital and surplus of the depositing Bk.

SEC. 8. It shall be lawful for such Corp. to purchase, hold, sell and convey real estate, as follows:

1st. A plot whereon is erected or to be erected a building or buildings requisite for the convenient transaction of its business, and from portions of which, not required for its own use, a revenue may be derived, the cost not to exceed the sum of \$100,000, except in cities of over 300,000 inhabitants, when the cost shall not exceed \$250,000.

2d. Such as shall be purchased by it at sales upon the foreclosure of Mtgs. or deeds of Tr. owned by such Corp., or upon judgments of decrees rendered for debts due to it, or purchased or taken in settlements to secure such debts; and all such real estate mentioned in this clause shall be sold by such Corp. within 5 yrs. after the same shall be vested in it, unless the Bk. Com. shall extend the time within which such sale shall be made. No such Corp., nor any person acting in its behalf, shall negotiate, take or receive a fee, brokerage, commission or gift, or other consideration, for or on account of a loan made by and in behalf of such Corp. other than appears on the face of the note or contract by which such loan purports to be made; but nothing contained herein shall apply to any reasonable charge for services in the examination of titles and the preparation of conveyance to such Corp. as security for its loans. All sums paid for services, fees or otherwise, to a member of the board of directors shall be reported in detail at each regular meeting of the directors. All

applications for loans shall be made in writing through the treasurer of the Corp., who shall keep a record thereof, showing the date, name of applicant, amount asked or the security offered, and shall cause the same (same) to be presented to the board of directors.

SEC. 9. It shall be unlawful for any such Corp. to deal or trade in real estate, except as provided in Sec. 8 of this Art., or to deal or trade in goods, wares and merchandise or commodities whatever, except as authorized by the terms of this Art., and except such personal property as may be necessary in the transaction of its business as by this Art. authorized; or to loan money upon or to discount or deal in notes, bills of exchange or other personal security, or to transact any banking business, whether of issue, deposit or discount. The board of directors may, however, make loans to the depositors, not exceeding 50% of the amount on deposit by such depositor at the date the loan is made; and in such case the deposit and the book of the depositor shall be held by the Corp. as collateral security for the payment of such loan.

SEC. 10 \* \* \* And no director or officer of such Corp. shall, directly or indirectly, for himself or as the agent or partner of others, borrow any of the funds of the Corp. or in its custody, or in any manner use the same, except to make necessary current payments for the Corp., or to make investments or to deposit for safety, under the direction and authority of the board of directors; nor shall any director or officer of such Corp. be an indorser or surety, or in any manner be an (obligator) [obligor] for moneys loaned by or borrowed of the Corp.

See also Art. XX at the end of Tr. Cos.





N



Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## NEBRASKA.

Corrected to and including 1913 Session.

## SAVINGS BANKS.

## CHAPTER 8.

SEC. 23. \* \* \* \* Whenever the available funds of any Bk. shall fall below the reserve herein required, such Bk. shall not make any new loans or discount otherwise than by discounting or purchasing bills of exchange payable at sight; \* \* \* \*

SEC. 25. No Corp. transacting a B'k'g. business shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, or the shares of any Corp., unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and such stock so purchased or acquired shall within 6 mos. from the time of its purchase be sold or disposed of at public or private sale; \* \* \* \* PROVIDED, that in no case shall the amount of stock so held, exceed 10% of the paid up capital of such Bk.

SEC. 32. No officer other than a director, who is not an officer and no employee of any Corp. transacting a B'k'g. business under this act shall be permitted to borrow any of the funds of the Bk. directly or indirectly, and no director of a Bk. shall be permitted to borrow any of the funds of the Bk. without first having secured the approval of the board of directors at a meeting thereof, the record of which shall be made and kept as part of the records of said Bk. \* \* \* \*

SEC. 36. \* \* \* \* The loanable funds of any Sav. Bk., except the reserve provided for in this act, shall be invested in bonds of the U. S., or of any state of the U. S. or in the public debt or bonds of any city, county, township, village or sch. dist. of any state of the U. S., which shall have been authorized by the legislature of the state, or when approved by the State Banking Board in other bonds of



known marketable value, or shall be loaned on negotiable paper, secured by any of the above mentioned classes of security, or upon notes or bonds secured by Mtg. lien upon unincumbered real estate; PROVIDED, that 2d Mtg. loans may be made on improved farm lands, but no loans shall be made on such improved farm lands, or other real estate which including the aggregate amount of incumbrance thereon, shall exceed 50% of the cash value thereof, or upon notes secured by collateral security of known marketable value, or held as cash, or shall be deposited in good solvent Bks.; PROVIDED, that chattel Mtgs. shall not be deemed collateral security and Sav. Bks. are hereby prohibited from investing their funds in them.

Parts of Secs. 22 and 24, under State Bks., also apply to Sav. Bks.

## STATE BANKS.

### CHAPTER 8.

SEC. 22. Every Bk. shall at all times have on hand as a reserve in available funds an amount equal to at least 15% of the aggregate amount of its deposits.  $\frac{1}{3}$ d of said 15% shall be cash in the vaults of the Bk.; PROVIDED that in cities, having a population of more than 25,000, said reserves shall be 20% of the aggregate amount of the deposits.  $\frac{2}{5}$ ths of said 20% shall be in cash in vaults of the bank; PROVIDED, FURTHER, that Sav. Bks. shall have on hand at all times as a reserve in available funds an amount equal to at least 5% of their aggregate deposits; and PROVIDED, that no part of said reserve fund which is not required to be kept in cash in the vaults of the Bk. shall be kept in any depository which in the opinion of the state banking board would not be a proper and safe custodian of such reserve fund.

SEC. 24. The aggregate amount of the re-discounts and bills payable of any Corp. transacting a banking business in this state shall at no time exceed  $\frac{2}{3}$ rds of its paid up capital except for payment of its depositors nor shall any Bk. other than Sav. Bks. at any time per-

mit its loans and investments, exclusive of its reserve and banking house and fixtures, to exceed in the aggregate 10 times the amount of its capital and surplus.

SEC. 29. Any corporation transacting a banking business under this act may purchase, hold and convey real estate for the following purposes only: such as is necessary for convenient transaction of its business, not exceeding in value  $\frac{1}{3}$ d of the paid up capital; such as shall be conveyed to it for debts due the Bk., and such as it shall purchase at sale under judgments or decrees upon its securities, but the Bk. at such sale shall not bid a larger amount than to satisfy its debts. No real estate so acquired in satisfaction of debts or at a sale upon its judgments or decrees shall be held longer than 5 yrs. and within 30 days thereafter must be sold at private or public sale, and at no time shall the total amount of real estate held by any Bk. for any purpose exceed 50% of the paid up capital of such Bk. Sav. Bks. shall not be subject to the provisions of this Sec.

SEC. 33. No corporation transacting a banking business in this state shall directly or indirectly, loan to any single corporation, firm or individual, including in such loan all loans made to the several members or shareholders, of such firm or corporation, for the use and benefit of such firm, corporation or individual, more than 20% of the paid up capital and surplus of such Bk., but the discounting of bills of exchange, drawn in good faith, against actually existing values, and the discount of commercial paper actually owned by the persons negotiating the same, shall not be considered, as money borrowed and in no case shall the total liabilities of the several stockholders of any Bk. to such Bk. exceed 50% of the paid-in capital and surplus of such Bk. \* \* \* \* PROVIDED, HOWEVER, that the provisions of this Sec. shall not apply to the securities of the Sav. Bks. enumerated in Sec. 36 of this Act.

Secs. 23, 25, and 32 under Sav. Bks. also apply to State Bks.



Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## NEW HAMPSHIRE.

Corrected to and including 1911 Session.

### SAVINGS BANKS.

SEC. 1. On and after the passage of this act, Sav. Bks. and Sav. Depts. of banking and Tr. Co's. shall make investment of their funds in the following classes of securities only:

1st. In notes secured by first mortgage of real estate situated in N. H., but not over 70% of the value of the property covered shall be so loaned, and not exceeding 70% of the deposits shall be so invested.

2d. In notes secured by 1st Mtg. of real estate situated outside of N. H. which is at the time improved, occupied, and productive, but not over 50% of the value of the property covered shall be so loaned, and not exceeding 25% of the deposits shall be so invested.

3d. In notes secured by collateral in which the Bk. is at liberty to invest of a value at least 10% in excess of the face of the note. The amount of any one class of securities so taken as collateral, added to that which the Bk. may own at the time, shall not exceed the total limit of that class of security, but not exceeding 25% of the deposits shall be so invested.

4th. In notes secured by collateral securities which are dealt in on the stock exchanges of Boston and New York, the stock exchange price of which shall at all times be at least 20% in excess of the face of the note, while held by the bank, but not exceeding 25% of the deposits shall be so invested.

5th. In notes of individuals or corporations with two or more signers, or one or more endorsers, but not exceeding 5% of the deposits shall be loaned any one person or corporation in this class of security, and not exceeding 25% of the deposits shall be so invested.



6th. In the public funds of the U. S., or those for which the faith of the U. S. is pledged to provide for the payment of the interest and principal.

7th. In the bonds and notes of this state, or of any county, city, town, precinct, or dist. of this state.

8th. In the authorized bonds or notes of any state or territory of the U. S.; and in the bonds or notes of any city of the states of Me., Vt., Mass., R. I., Conn., or N. Y., whose net debt does not exceed 5% of the last preceding valuation of the property therein for taxation, or of any county, town, village, precinct, or dist. in said states whose net debt does not exceed 3% of such valuation.

9th. In the authorized bonds of any county, city, town, sch. dist., or other municipal corporation of any other of the U. S. or territories whose net debt at the time of such investment does not exceed 5% of the last preceding valuation of the property therein for taxation; and in the authorized bonds of any city of 100,000 inhabitants of any of said states whose net debt does not exceed 7% of the last preceding valuation of the property therein for taxation. The term "net debt" shall be construed to denote the debt of any city, town, or other municipal corporation, omitting the debt created for supplying the inhabitants with water and deducting the amount of any sinking fund available for the payment of the municipal debt. PROVIDED, HOWEVER, that such bonds shall not have been issued in aid of R. Rs. or for special assessment purposes. PROVIDED, also, that the bonds of any county, city, or town, of less than 10,000 inhabitants, or of any sch. dist. or other municipal corporation of less than 2,000 inhabitants in any state or territory other than those named in paragraph 8 of sec. 1 of this act shall not be authorized investments. PROVIDED, FURTHER, that such bonds are issued by municipalities that are permitted by law to levy taxes sufficient to pay the interest and to provide sinking funds for their debt; otherwise such bonds shall not be authorized

investments. But not exceeding 50% of the deposits shall be so invested.

10th. In the bonds or notes of any R. R. Co., except St. Rwys., incorporated under the laws of this state, whose road is located wholly or in part in the same, but not exceeding 25% of the deposits shall be so invested.

11th. In the bonds of any R. R. Co., except St. Rwys., incorporated under the authority of any of the New Eng. states whose road is located wholly or part in the same, and which is in possession of and operating its own road, and has earned and paid regular dividends for the 2 years next preceding such investment, or in the bonds guaranteed or assumed by such R. R. Co., but not exceeding 25% of the deposits shall be so invested.

12th. In the bonds of any R. R. Co., except St. Rwys., incorporated under the authority of any of the U. S. or territories, which is in possession of and operating its own road and has earned and paid regular dividends of not less than 4% per annum on its capital stock for the 3 years next preceding such investment; PROVIDED, such capital stock on which it earns and pays dividends equals in amount  $\frac{1}{3}$ d of the entire bonded indebtedness of said road; or in the bonds guaranteed or assumed by such R. R.; but not exceeding 25% of the deposits shall be so invested.

13th. In the 1st Mtg. bonds of corporations of this state, except St. Rwys., located and doing business therein, whose net debt at the time of such investment does not exceed its capital stock actually paid in and remaining unimpaired, but not exceeding 10% of the deposits shall be so invested.

14th. In the bonds of St. Rwy. corporations incorporated under the laws of this state and located wholly or in part in the same, and in the bonds of St. Rwy. corporations located wholly or in part in cities of 30,000 inhabitants or more in any of the other New Eng. states, and in the bonds of St. Rwy. corporations located wholly or in part in cities of 50,000 inhabitants, or more, in any of the U. S., provided, that the net debt of any of

such St. Rwy. corporations mentioned in this paragraph does not exceed the capital stock actually paid in and remaining unimpaired at the time of such investment, and that such corporation has earned and paid regular dividends of not less than 4% per annum on its capital stock for 5 years next preceding such investment; but not exceeding 10% of the deposits shall be so invested.

15th. In the bonds of Telephone, Telegraph, or Express Co's doing business in the U. S. or territories, PROVIDED, the total debt of such company does not exceed its capital actually paid in and remaining unimpaired, and PROVIDED, such company has earned and paid regular dividends of at least 4% per annum upon its capital stock or shares for 5 years previous to such investment, but not exceeding 10% of the deposits shall be so invested.

16th. In the capital stock of any Banking or Tr. Co., incorporated under the laws of this state and doing business therein, but the amount of such stock held by any Sav. Bk. as an investment and as collateral for loans shall not exceed 1-10th of the total capital stock of such Banking or Tr. Co., and not exceeding 10% of the deposits shall be so invested.

17th. In the stock of any Nat. Bk. or Tr. Co. located in the New Eng. states or the state of N. Y., but not exceeding 10% of the deposits of a Sav. Bk. shall be invested in such stock; the amount of stock in any Nat. Bk. or Tr. Co. in this state which may be held by any Sav. Bk. as an investment or as collateral security for loans shall not exceed 25% of the capital stock of said Nat. Bk. or Tr. Co.; and the amount of stock in any Nat. Bk. or Tr. Co. outside of this state which may be held by any Sav. Bk. as an investment or as collateral for loans shall not exceed 1-10th of the capital stock of said Nat. Bk. or Tr. Co.

18th. In the stock or notes of any R. R. corporation, exclusive of St. Rwys., located in any part of the U. S. or territories that has earned and paid regular dividends of

not less than 4% per annum on its capital stock for 5 years next preceding such investment; PROVIDED, such capital stock on which it pays dividends equals in amount  $\frac{1}{3}$ d of the entire bonded debt of said corporation; or in the stock of any other R. R. corporation whose R. R. and R. R. property are leased to such R. R. upon an annual rental of not less than 4% per annum upon the capital stock of the leased R. R.: PROVIDED, said leased R. R. shall have earned dividends of not less than 3% upon its capital stock for a period of 3 years immediately preceding said lease; but not exceeding 25% of the deposits shall be so invested.

19th. In the stock or notes of any Manufacturing Co. in the New Eng. states that has paid regular dividends on its capital stock for 5 years previous to such investment, and whose net debt does not exceed the amount of its capital stock fully paid in; but not exceeding 10% of the deposits shall be so invested.

20th. In the stock or notes of any Parlor Car or Sleeping-car Company incorporated and doing business in the U. S., and whose cars are in actual use upon any R. R. whose stock is a legal investment for N. H. Sav. Bks. and that has earned and paid regular dividends of not less than 4% per annum on its capital stock for 5 years next preceding such investment; but not exceeding 5% of the deposits shall be so invested.

21st. In land and buildings suitable and actually used by it in part for its banking room, the total cost of which shall not exceed 10% of its deposits.

SEC. 2. Any Sav. Bk. may hold and lease real estate acquired by foreclosure of mortgages owned by the bank; but all taxes, foreclosures expenses, and cost of maintenance shall be paid out of the income of the bank.

SEC. 3. Deposits of cash on call, or subject to check, shall be made in some authorized Banking or Tr. Co. incorporated under the laws of this state or Mass., or in some Nat. Bk. located in the New Eng. states, or



in the cities of New York or Philadelphia.

SEC. 4. The special deposits or guaranty fund of a Guaranty Sav. Bk. shall not be included in the amount of deposits on which the percentage of any investment is reckoned.

#### STATE BANKS AND TRUST COMPANIES.

Laws of 1895, Ch. 105, Sec. 10. No loan shall be made to an officer or director of a State Bk. or Tr. Co. except by the unanimous approval of the board of directors in writing.

Pub. Stat., Ch. 165, Sec. 18. Tr. Co's. Loan and Tr. Co's., Loan and Banking Co's. and other similar corporations receiving savings deposits or transacting the business of a Sav. Bk. shall conduct the business as a separate dept., and that dept. shall be amenable to the laws governing Sav. Bks.

Laws of 1895, Ch. 105, Sec. 12. No Tr. Co. shall loan to any person, firm or its individual members an amount in excess of 10% of its deposits or capital stock, nor purchase or hold, both by way of investment and security for loans, the stock and bonds of any corporation to an amount in excess of said 10%.

Laws of 1895, Ch. 105, Sec. 9. The capital stock of a State Bk. or Tr. Co., and the guaranty fund of a Guaranty Sav. Bk., shall not be accepted by such institution as collateral.

Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## NEW JERSEY SAVINGS BANKS.

### CHAPTER 195

CORRECTED TO AND INCLUDING 1913 SESSION

33. No Sav. Bk. shall invest the moneys deposited with the same in any manner, except as follows, to wit:

1. In stocks or bonds or interest-bearing notes or obligations of the U. S., or those for which the faith of the U. S. is distinctly pledged to provide for the payment of the principal and interest thereof;

2. In the interest-bearing bonds of this State; or in any bonds authorized by the laws of this State to be issued by any commission appointed by the Supreme Court of this State, by virtue of any law of this State;

3. In the bonds of any State in the Union that has not, within 10 yrs. previous to making such investment by any such Bk., defaulted in the payment of any part of either principal or interest in any debt authorized by any law of such State to be contracted;

4. In the bonds of any county, township, municipality or Sch. Dist. of this State issued pursuant to the authority of any law of this State; *provided* such county, township, municipality or Sch. Dist. shall not, within the 5 yrs. next preceding, have defaulted in the payment of any part of either principal or interest of any legal debt or obligation thereof; and *provided further*, the total debt of any borough or village does not exceed 10% of its assessed valuation, and such Sch. Dist. bonds are by law charged upon all the property of the inhabitants of such Dist.; or in any interest-bearing obligation issued by the county in which such Bk. is situated or by any city, town, township, borough or village in such county;

5. In the bonds of any city or county of any other State of the Union issued pursuant to the authority of any law of any such State; *provided*, no such city or county has, within 10 yrs. previous to making such investment, defaulted in the payment of any part of either principal or interest of any debt authorized by law of such State to be contracted; and *provided further*, the total debt of any such city or county is limited by law to 10% of its assessed valuation.

6. In 1st Mtg. bonds issued, guaranteed or assumed by any R. R. Co., which has paid dividends of not less than 4% per annum regularly on its entire capital stock for a period of not less than 5 yrs. next previous to the purchase of such bonds, or in any Con. Mtg. bonds issued, guaranteed or assumed by any such Co., authorized to be issued to retire the entire bonded debt of such Co.; or in the bonds of any Rwy. Terminal or Dock Co. of this State, secured by 1st Mtg. on terminal or dock property fronting on the Hudson river and having an assessed value for the purpose of taxation in excess of the amount of the entire issue of bonds, and used and occupied as a dock or terminal by any R. R. Co. now operating in this State;

7. In bonds secured by Mtgs. which shall be a 1st lien on real estate situate in this State, and worth at least double the amount loaned thereon, but not to exceed 80% of the whole deposits shall be so loaned or invested; but in case the loan is on unimproved or unproductive real estate, the amount loaned thereon shall not be more than 30% of its actual value; and no investment in any bond and Mtg. shall be made by any Sav. Bk., except upon the report of a committee of at least 3 of the managers, and 2 members of which committee shall certify in writing to the value of the premises mortgaged, or to be mortgaged, according to their best judgment; such report shall be filed and preserved among the records of the Bk.;

8. In real estate strictly in accordance with the following provisions:

(a) A plot whereon is erected, or may be erected, a building or buildings requisite for the convenient transaction of its business, and from portions of which not required for its own use, a revenue may be derived; the cost of such building or buildings and lot shall in no case exceed 50% of the net surplus of such Bk. except with the written approval of the Com. of Bkg. and Ins.; *provided*, the limitations as to the cost of such lot and building contained in this subdivision shall not apply to or affect any such investment heretofore made by a Sav. Bk. organized under a special charter;

(b) Such as shall have been purchased or acquired by it at sales upon the foreclosure of Mtgs. owned by such Corp., or upon judgments or decrees obtained or rendered for debts due to it, or in settlements effected to secure such debts or in satisfaction of such Mtgs.; and all such real estate shall be sold by such Bk. within 5 yrs. after the same shall have been so purchased, unless, upon application by such Corp. to the Com. of Bkg. and Ins., he shall extend the time within which such sale shall be made; the provisions of this Sec. shall apply to all funds of any Sav. Bk., including its reserve fund, and all investments of money and sales and transfers of securities may be made in the manner provided and made lawful in this act, notwithstanding any provision in any special charter contained limiting the number of trustees or managers who shall act in the investment of moneys and the sale or transfer of stocks or securities.

34. No Sav. Bk. shall loan the money on deposit with the same, or any part thereof, upon notes, bills of exchange or drafts, except upon the additional pledge of collateral security, which shall be of the same nature and character as those in which the money deposited may be invested as directed in the preceding Sec., or the capital stocks of Nat. and State Bks. or the capital stock or bonds of other Corps. of this State, which



have not defaulted in the payment of interest or dividends, upon the collateral loaned upon, within 2 yrs. next preceding the time of such loan, and then only to the extent of 80% of the market value of such collaterals; *provided*, the total amount of such loans shall not exceed 15% of the total deposits held by such Sav. Bk.

36. The managers of every Sav. Bk., as soon as practicable, shall invest the moneys deposited with them in the securities named in the 33d Sec., except that for the purpose of meeting current payments and expenses in excess of the receipts there may be kept an available fund of not exceeding 10% of the whole amount of deposits with such Bk.; and the same may be kept on hand or on deposit in any solvent Bk. in this State, organized under the law of this State or of the U. S.; or the same may be deposited on call, at interest, in such solvent Tr. Co. incorporated under the laws of this State or of the States of N. Y. or Penn., or in such solvent Nat. Bk. located in the State of N. Y. or in the State of Penn., as a majority of the managers of such Bk. may direct, by resolution adopted at a regular or special meeting, and duly recorded on their minutes; or such available fund, or any part thereof, may be loaned upon pledge of the securities, or any of them, named in Sec. 33 of this act, but not in excess of 80% of the market value of such securities so pledged; and should any of the securities so held in pledge depreciate in value after making any loan thereon, the managers shall require the immediate payment of such loan, or a part thereof, or additional security therefor, so that the amount loaned shall at no time exceed 80% of the cash market value of the securities pledged for the same.

37. Any Sav. Bk. may deposit temporarily in Bks., as provided in the preceding Sec., the excess of current daily receipts over the payments until such time as the same can be judiciously invested in the securities named in Sec. 33; and whenever

it shall appear to the Com. of Bkg. and Ins. that the managers of any such Sav. Bk. are violating the spirit and intent of the provisions of this and the preceding Sec., by keeping permanently uninvested all, or any undue proportion, of the moneys received by them, he shall report the facts to the Attorney-General, who shall proceed against such Bk., under the provision of Sec. 52 of this act.

38. In all cases of loans upon real estate, a sufficient bond, secured by a Mtg. on said real estate, shall be required of the borrower; and all the expenses of searches, examinations and certificates of title or appraisals of value, and of drawing, perfecting and recording papers shall be paid by the borrower.

39. When any building or buildings are included in the valuation of any real estate, upon which loan shall be made, the same shall be insured by the mortgagor in such Co. or Cos. as the managers shall approve, and the policy or policies of Ins. shall be duly assigned, or the loss made payable, as interest may appear, to such Bk.; and such Sav. Bk. may renew such policy or policies of Ins. in the same, or in any other Co. or Cos., as it may elect, from year to year, or for a longer or shorter term, in case the mortgagor shall neglect to do so, and charge the amount paid to the mortgagor; and all necessary charges and expenses for such renewal or renewals shall be paid by such mortgagor to such Sav. Bk., and shall be a lien upon the property so mortgaged, recoverable with interest from time of payment, as part of the moneys secured to be paid by such Mtg.

Ch. 132. Laws of 1913. Sec. 1. Any officer, director, employee, agent or attorney or any Bk., Tr. Co., Bld. and Loan Asso. or Sav. Bk. incorporated under the laws of this State who shall in anywise, directly or indirectly, ask for, demand, exact, require, receive or accept, for his personal use, benefit or advantage, any sum of money, or any property or other thing, or any

credit, or any promissory note, bill of exchange, check or other evidence of debt, or any security, promise, contract, covenant, agreement or obligation, express or implied, for the payment, delivery, alienation or transfer of any money, property or other thing, or for the performance or rendering of any act or service, as a bribe, present, reward, inducement, commission or fee for loaning any funds of or giving any credit on behalf of such Bk., Tr. Co., Bld. and Loan Asso. or Sav. Bk., or for recommending, approving, voting for or consenting to the making of any loan or the giving of any credit by such Bk., Tr. Co., Bld. and Loan Asso. or Sav. Bk., shall be guilty of a misdemeanor and punished by a fine not exceeding \$1,000, or by imprisonment, with or without hard labor as the court may direct, for any term not exceeding 3 years, or both.

#### TRUST COMPANIES.

#### CHAPTER 174

SEC. 6. Powers (3) . . . to loan money on real and personal securities.

(4) To lease, hold, purchase and convey any and all real property necessary for or convenient in the transaction of its business, or which the purposes of the Corp. may require, or which it shall acquire in satisfaction or partial satisfaction of debts due the Corp. under sales, judgments or Mtgs., or in settlement or partial settlement of debts due the Corp. by any of its debtors.

(10) To purchase, invest in, and sell stocks, promissory notes, bills of exchange, bonds and Mtgs. and other securities; and when moneys or securities for moneys are borrowed or received on deposit, or for investment, the bonds or obligations of the Co. may be given therefor, but it shall have no right to issue bills to circulate as money.

SEC. 7. No Corp. created under this act shall have power to discount commercial paper; no Tr. Co. shall have power to make loans upon bills, notes or other evi-



dences of debt except to a county, city, town, township, borough or municipality of this State, unless the same shall be secured by Mtg. upon lands or by other securities, the actual market value of which other securities shall at all times exceed by at least 10% the amount loaned upon the same; except under and subject to the provisions of this act, . . . no money, property or securities received or held by any Tr. Co. in its capacity of assignee, receiver, executor, administrator, guardian or trustee shall be mingled with investments of the capital stock or other moneys or property belonging to or deposited with such Corp. . . . All other moneys and funds belonging to or deposited with such Tr. Co. may be used and invested in accordance with the provisions of this act.

SEC. 15. No Tr. Co. shall make any loan to its president, vice-president, treasurer, secretary, cashier or to any of its directors or any of its clerks, tellers, book-keepers, agents, servants or other persons in its employ until the proposition to make such loan, stating the amount, terms and security, if any, offered therefor, shall have been submitted in writing by the person desiring the same to a meeting of the board of directors of such Co., or of the executive committee of such board, if any, and accepted and approved by the vote of a majority of those present constituting a quorum; . . .

SEC. 18. No Tr. Co. shall make any loan on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall within 1 yr. from the time of its purchase be sold or disposed of at public or private sale; provided, that nothing in this Sec. contained shall apply to any loan made before passage of this act.

Bonds issued by Commissions appointed by Supreme Court.

See 2 last Secs. under Savings Banks.



## STATE BANKS (BANKS OF DISCOUNT AND DEPOSIT.)

## CHAPTER 173

SEC. 6. In addition to the general powers conferred by the "Act concerning corporations" (Revision of 1896), so far as the same are not inconsistent with this act, every Bk. shall have power . . . to carry on the business of banking by discounting bills, notes and other evidences of debt, . . . by buying promissory notes, Mtgs. and other evidences of debt, and foreign and inland bills of exchange, by loaning money on real and personal security, . . . every Bk. may purchase, hold and convey real estate as follows:

1. Such as shall be necessary for the convenient transaction of its business, including with its banking office, other apartments to rent as a source of income, which investment shall not exceed 25% of its paid-in capital stock and permanent surplus; *provided*, that this provision shall not apply to any investment made before the date when this act takes effect;

2. Such as is mortgaged to it in good faith by way of security for loans made by or money due to such Bk.;

3. Such as is conveyed to it in satisfaction of debts previously contracted in the course of its dealings;

4. Such as it acquires by sale on execution or judgment or decree of any court in its favor; the Bk. shall not purchase, hold or convey real estate in any other case or for any other purpose whatever . . . no real estate acquired in the cases contemplated in the 2d, 3d and 4th sub-secs. above shall be held for a longer time than 5 yrs., unless such period shall be extended by the Com. of Bkg. and Ins.; *provided*, that this provision shall not apply to real estate acquired before the date when this act takes effect.

SEC. 12. No Bk. shall make any loan to its officers, etc. (see Sec. 15 under Trust

Companies, the substance of which applies to State banks).

SEC. 15. Bk. may not loan on or purchase its shares (see Sec. 18 under Tr. Cos., the substance of which applies to State banks).

SEC. 18. The total liabilities to any Bk. of any person or of any Co., Corp. or firm for money borrowed, including in the liabilities of a Co. or firm the liabilities of the several members thereof, shall at no time exceed 10% of the aggregate amount of the capital stock of such Bk. actually paid in, and of the permanent surplus fund of such Bk.; *provided*, that the total liability of any officer or director to such Bk. shall at no time exceed 10% of the aggregate amount of the capital stock of such Bk. actually paid in, and of the permanent surplus fund of such Bk.; *provided further, however*, that the provisions of this Sec. shall not be construed to apply to loans made by any Bk. to any county, city, town, township, borough or municipality of this State; the following shall not be considered as money borrowed within the meaning of this Sec., namely:

1. The discount of business or commercial paper made by other parties and actually owned by the person negotiating the same;

2. The discount of bills of exchange drawn in good faith against actually existing values;

3. The discount of paper based on collateral security other than promissory notes, the actual market value of which shall at all times exceed by at least 10% the amount loaned upon the same.

Bonds Issued by Commissions Appointed by Supreme Court.

See 2 last Secs. under Savings Banks.



Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## NEW YORK.

## CHAPTER 10.

An act constituting Chap. 2 of the consolidated laws.

As amended 1912-13 Session.

**SAVINGS BANKS.**

SEC. 142. \* \* \* No trustee or officer of any such Corp. shall directly or indirectly, for himself or as an agent or partner of others, borrow any of its funds or deposits, or in any manner use the same except to make such current and necessary payments as are authorized by the board of trustees; nor shall any trustee or officer of any such Corp. become an indorser or surety, or become in any manner an obligor, for moneys loaned by or borrowed of such Corp.

SEC. 146. The trustees of any Sav. Bk. may invest the moneys deposited therein and the income derived therefrom only as follows:

1. In the stocks or bonds or interest-bearing notes or obligations of the U. S., or those for which the faith of the U. S. is pledged to provide for the payment of the interest and principal, including the bonds of the District of Columbia.

2. In the stocks or bonds or interest-bearing obligations of this state, issued pursuant to the authority of any law of the state.

3. In the stocks or bonds or interest-bearing obligations of any state of the U. S. which has not within 10 yrs. previous to making such investment by such Corp. defaulted in the payment of any part of either principal or interest of any debt authorized by the legislature of any such state to be contracted; and in the bonds or interest-bearing obligations of any state of the U. S., issued in pursuance of the authority of the legislature of such state, which have, prior to May 29th, 1895, been issued for the funding or settlement of any previous obligation.



of such state theretofore in default, and on which said funding or settlement obligation there has been no default in the payment of either principal or interest since the issuance of such funding or settlement obligation, and provided the interest on such funding or settlement obligation has been paid regularly for a period of not less than 10 yrs. next preceding such investment; and in the stocks, bonds or interest-bearing obligations of any state of the U. S., issued in pursuance of the authority of the constitution or the legislature of such state, to refund at or before maturity or within 90 days after maturity any of the bonds or obligations of such state which at their maturity or at the date of their payment, if paid before maturity, were legal investments for Sav. Bks. under the provisions of this Subdiv., on which refunding obligation there has been no default in the payment of either principal or interest since the issuance thereof.

4. In the stocks or bonds of any city, county, town or village, sch. dist. bonds and union free sch. dist. bonds issued for school purposes, or in the interest-bearing obligations of any city, county, town or village of this state, issued pursuant to the authority of any law of the state for the payment of which the faith and credit of the municipality issuing them are pledged.

5. In the stocks or bonds of any incorporated city situated in one of the states of the U. S. which was admitted to statehood prior to Jan. 1st, 1896, and which, since Jan. 1st, 1861, has not repudiated or defaulted in the payment of any part of the principal or interest of any debt authorized by the legislature of any such state to be contracted, provided said city has a population, as shown by the federal census next preceding said investment, of not less than 45,000 inhabitants, and was incorporated as a city at least 25 yrs. prior to the making of said investment, and has not, since Jan. 1st, 1878, defaulted for more than 90 days in the payment of any part either of principal or interest of any bond, note or other evidence of indebtedness, or effected any compromise

of any kind with the holders thereof. But if, after such default on the part of any such state or city, the debt or security, in the payment of the principal or interest of which such default occurred, has been fully paid, refunded or compromised by the issue of new securities, then the date of the first failure to pay principal or interest, when due, upon such debt or security, shall be taken to be the date of such default, within the provisions of this subdiv., and subsequent failures to pay instalments of principal or interest upon such debt or security, prior to the refunding or final payment of the same, shall not be held to continue said default or to fix the time thereof, within the meaning of this subdiv., at a date later than the date of said first failure in payment. If at any time the debt of any such city, together with the debt of any Dist. or other municipal Corp. or subdiv. except a county, which is wholly or in part included within the bounds or limits of said city, less its water debt and sinking funds shall exceed 7% of the valuation of said city for purposes of taxation, its bonds and stocks shall thereafter, and until such debt shall be reduced to 7% of the valuation for the purposes of taxation, cease to be an authorized investment for the moneys of Sav. Bks., but the Supt. of Bks. may, in his discretion, require any Sav. Bk. to sell such bonds or stock of said city as may have been purchased prior to said increase of debt.

6. In bonds and Mtgs. on unincumbered real property situated in this state, to the extent of 60% of the value thereof. Not more than 65% of the whole amount of deposits shall be so loaned or invested. If the loan is on unimproved and unproductive real property, the amount loaned thereon shall not be more than 40% of its actual value. No investment in any bonds and Mtgs. shall be made by any Sav. Bk. except upon the report of a committee of its trustees charged with the duty of investigating the same, who shall certify to the value of the premises mortgaged or to be mortgaged, according to their best judgment, \* \* \* Also in the following securities:

(a) The 1st Mtg. bonds of any R. R. Corp. of this state, the principal part of whose R. R. is located within this state, or of any R. R. Corp. of this or any other state or states connecting with and controlled and operated as a part of the system of any such R. R. Corp. of this state, and of which connecting R. R. at least a majority of its capital stock is owned by such a R. R. Corp. of this state, or in the Mtg. bonds of any such R. R. Corp. of an issue to retire all prior Mtg. debt of such R. R. Cos. respectively; PROVIDED that at no time within 5 yrs. next preceding the date of any such investment, such R. R. Corp. of this state or such connecting R. R. Corp. respectively shall have failed regularly and punctually to pay the matured principal and interest of all its Mtg. debt, and in addition thereto regularly and punctually to have paid in dividends to its stockholders during each of said 5 yrs. an amount at least equal to 4% upon all its outstanding capital stock; and PROVIDED, FURTHER, that at the date of every such dividend the outstanding capital stock of such R. R. Corp., or such connecting R. R. Co. respectively, shall have been equal to at least 1-3rd of the total Mtg. debt of such R. R. Corps. respectively, including all bonds issued or to be issued under any Mtg. securing any bonds in which such investment shall be made.

(b) The Mtg. bonds of the following R. R. Corps: The Chicago & Northwestern R. R. Co., Chicago, Burlington & Quincy R. R. Co., Michigan Central R. R. Co., Illinois Central R. R. Co., Pennsylvania R. R. Co., Delaware & Hudson Co., Delaware, Lackawanna & Western R. R. Co., New York, New Haven & Hartford R. R. Co., Boston & Maine R. R. Co., Maine Central R. R. Co., the Chicago & Alton R. R. Co., Morris & Essex R. R. Co., Central R. R. of N. J., United N. J. R. R. & Canal Co., also in the Mtg. bonds of R. R. Cos. whose lines are leased or operated or controlled by any R. R. Co. specified in this paragraph if said bonds be guaranteed both as to principal and in-

interest by the R. R. Co. to which said lines are leased or by which they are operated or controlled. PROVIDED that at the time of making investments authorized by this paragraph the said R. R. Corps. issuing such bonds shall have earned and paid regular dividends of not less than 4% per annum in cash on all their issues of capital stock for the 10 yrs. next preceding such investment, and provided the capital stock of any said R. R. Corps. shall equal or exceed in amount 1-3rd of the par value of all its bonded debt; and FURTHER PROVIDED that all bonds authorized for investment by this paragraph shall be secured by a Mtg. which is a 1st Mtg. on either the whole or some part of the R. R. and R. R. property of the Co. issuing such bonds, or that such bonds shall be Mtg. bonds of an issue to retire all prior Mtg. debts of such R. R. Co.; PROVIDED, FURTHER, that the Mtg. which secures the bonds authorized by this paragraph is dated, executed and recorded prior to Jan. 1st, 1905.

(c) The Mtg. bonds of the Chicago, Milwaukee & St. Paul Rwy. Co., and the Chicago, Rock Island & Pacific Rwy. Co., so long as they shall continue to earn and pay at least 4% dividends per annum on their outstanding capital stock, and PROVIDED their capital stock shall equal or exceed in amount 1-3rd of the par value of all their bonded debt, and FURTHER PROVIDED that all bonds of either of said Cos. hereby authorized for investment shall be secured by a Mtg. which is a 1st Mtg. on either the whole or some part of the R. R. or R. R. property actually in the possession of and operated by said Co., or that such bonds shall be Mtg. bonds of an issue to retire all prior debts of said R. R. Co.; PROVIDED, FURTHER, that the Mtg. which secures the bonds authorized by this paragraph is dated, executed and recorded prior to Jan. 1st, 1905.

(d) The 1st Mtg. bonds of the Fonda, Johnstown & Gloversville R. R. Co., or in the Mtg. bonds of said R. R. Co. of an issue



to retire all prior Mtg. debts of said R. R. Co., and provided the capital stock of said R. R. Co. shall equal or exceed in amount 1-3d of the par value of all its bonded debt and PROVIDED also that such R. R. be of standard gauge of 4 ft. 8½ in., and in the Mtg. bonds of the Buffalo Creek R. R. Co. of an issue to retire all prior Mtg. debts of said R. R. Co., PROVIDED that the bonds authorized by this paragraph are secured by a Mtg. dated, executed and recorded prior to Jan. 1st, 1905.

(e) The Mtg. bonds of any R. R. Corp. incorporated under the laws of any of the U. S., which actually owns in fee not less than 500 miles of standard gauge Rwy. exclusive of sidings, within the U. S., PROVIDED that at no time within 5 yrs. next preceding the date of any such investment such R. R. Corp. shall have failed regularly and punctually to pay the matured principal and interest of all its Mtg. debt and in addition thereto regularly and punctually to have paid in dividends to its stockholders during each of said 5 yrs. an amount at least equal to 4% upon all its outstanding capital stock; and PROVIDED FURTHER that during said 5 yrs. the gross earnings in each yr. from the operations of said Co., including therein the gross earnings of all R. Rs. leased and operated or controlled and operated by said Co., and also including in said earnings the amount received directly or indirectly by said Co. from the sale of coal from mines owned or controlled by it, shall not have been less in amount than 5 times the amount necessary to pay the interest payable during that yr. upon its entire outstanding debt, and the rentals for said yr. of all leased lines, and FURTHER PROVIDED that all bonds authorized for investment by this paragraph shall be secured by a Mtg. which is at the time of making said investment or was at the date of the execution of said Mtg. (1) a 1st Mtg. upon not less than 75% of the Rwy. owned in fee by the Co. issuing said bonds exclu-

sive of sidings at the date of said Mtg. or (2) a Refd. Mtg. issued to retire all prior lien Mtg. debts of said Co. outstanding at the time of said investment and covering at least 75% of the Rwy. owned in fee by said Co. at the date of said Mtg. But no one of the bonds so secured shall be a legal investment in case the Mtg. securing the same shall authorize a total issue of bonds which together with all outstanding prior debts of said Co., after deducting therefrom in case of a Refd. Mtg., the bonds reserved under the provisions of said Mtg. to retire prior debts at maturity, shall exceed 3 times the outstanding capital stock of said Co. at the time of making said investment. And no Mtg. is to be regarded as a Refd. Mtg., under the provisions of this paragraph, unless the bonds which it secures mature at a later date than any bond which it is given to refund, nor unless it covers a mileage at least 25% greater than is covered by any one of the prior Mtgs. so to be refunded.

(f) Any Rwy. Mtg. bonds which would be a legal investment under the provisions of paragraph (e) of this subdiv., except for the fact that the R. R. Corp. issuing said bonds actually owns in fee less than 500 miles of road, PROVIDED that during 5 yrs. next preceding the date of any such investment the gross earnings in each yr. from the operations of said Corp., including the gross earnings of all lines leased and operated or controlled and operated by it, shall not have been less than \$10,000,000.

(g) The Mtg. bonds of a R. R. Corp. described in the foregoing paragraph (e) or (f) or the Mtg. bonds of a R. R. owned by such Corp., assumed or guaranteed by it by indorsement on said bonds, provided said bonds are prior to and are to be refunded by a general Mtg. of said Corp. the bonds secured by which are made a legal investment under the provisions of said paragraph (e) or (f); and PROVIDED, FURTHER, that said general Mtg. covers all the real property

upon which the Mtg. securing said underlying bonds is a lien.

(h) Any Rwy. Mtg. bonds which would be a legal investment under the provisions of paragraph (e) or (g) of this subdiv., except for the fact that the R. R. Corp. issuing said bonds actually owns in fee less than 500 miles of road, PROVIDED the payment of principal and interest of said bonds is guaranteed by indorsement thereon by, or PROVIDED said bonds have been assumed by, a Corp. whose 1st Mtg. is, or Refd. Mtg. bonds are, a legal investment under the provisions of paragraph (e) or (f) of this subdiv. But no one of the bonds so guaranteed or assumed shall be a legal investment in case the Mtg. securing the same shall authorize a total issue of bonds which, together with all the outstanding prior debts of the Corp. making such guaranty or so assuming said bonds, including therein the authorized amount of all previously guaranteed or assumed bond issues, shall exceed 3 times the capital stock of said Corp., at the time of making said investment.

(i) The 1st Mtg. bonds of a R. R. the entire capital stock of which, except shares necessary to qualify directors, is owned by, and which is operated by a R. R. whose last issued Refd. bonds are a legal investment under the provisions of paragraph (a), (e) or (f) of this subdiv., PROVIDED the payment of principal and interest of said bonds is guaranteed by indorsement thereon by the Co. so owning and operating said road, and FURTHER PROVIDED the Mtg. securing said bonds does not authorize an issue of more than \$20,000 in bonds for each mile of road covered thereby. But no one of the bonds so guaranteed shall be a legal investment in case the Mtg. securing the same shall authorize a total issue of bonds which together with all the outstanding prior debts of the Co. making said guaranty, including therein the authorized amount of all previously guaranteed bond issues, shall exceed 3 times the capital stock

of said Co., at the time of making said investment.

Bonds which have been or shall become legal investments for Sav. Bks. under any of the provisions of this Sec. shall not be rendered illegal as investments, though the property upon which they are secured has been or shall be conveyed to another Corp., and though the R. R. Corp. which issued or assumed said bond has been or shall be consolidated with another R. R. Corp., if the consolidated or purchasing Corp. shall assume the payment of said bonds and shall continue to pay regularly interest or dividend or both upon the securities issued against, in exchange for or to acquire the stock of the Co. consolidated or the property purchased, or upon securities subsequently issued in exchange or substitution therefor, to an amount at least equal to 4% per annum upon the capital stock outstanding at the time of such consolidation or purchase of said Corp. which has issued or assumed said bonds.

Not more than 25% of the assets of any Sav. Bk. shall be loaned or invested in R. R. bonds, and not more than 10% of the assets of any Sav. Bk. shall be invested in the bonds of any one R. R. Corp. described in paragraph (a) of this subdiv., and not more than 5% of such assets in the bonds of any other R. R. Corp. In determining the amount of the assets of any Sav. Bk. under the provisions of this subdiv. its securities shall be estimated in the manner prescribed for determining the per centum of surplus by Sec. 154 of this Chap. Street R. R. Corps. shall not be considered R. R. Corps. within the meaning of this subdiv.

SEC. 147. Every such Corp. may purchase, hold or convey real property only as follows:

I. A plot whereon is erected or may be erected a building or buildings requisite for the convenient transaction of its business, and from portions of which not required for its own use a revenue may be derived. The cost of such building or buildings and lot shall in



no case exceed 25% of the net surplus of the Corp., except by written permission of the Supt. of Bks. The estimate of the cost of said building and lot, and the plans of the building to be erected, shall first be submitted to the Supt. of Bks. for his approval, before the purchase of the lot is made or before the erection of the building is commenced.

2. Such as shall have been purchased by it at sales upon the foreclosure of Mtgs. owned by it, or on judgments or decrees obtained or rendered for debts due to it, or in settlements effected to secure such debts. All such real property shall be sold by such Corp. within 5 yrs. after the title to the same shall be vested in it, unless, upon application by the board of trustees, the Supt. shall extend the time within which such sale shall be made.

Every such Corp. may, with the approval in writing and under the seal of the Supt. of Bks., change its location within the limits of any city or town wherein it may be established. In effecting such change of location such Corp. owning a banking-house and lot, may purchase such additional plot under the provisions of subdiv. 1 of this Sec. as the Corp. may require; and such banking-house and lot previously owned and occupied shall be sold as provided in this subdiv. concerning real property acquired in satisfaction of debts.

SEC. 148. The trustees of every such Corp. shall as soon as practicable invest the moneys deposited with them in the securities authorized by this Art.; but for the purpose of meeting current payments and expenses in excess of the receipts, there may be kept an available fund not exceeding 10% of the whole amount of deposits with such Corp., on hand or deposit in any Bk. in this state organized under any law of this state or of the U. S., or with any Tr. Co. incorporated by any law of the state; but the sum so deposited in any one Bk. or Tr. Co. shall not exceed 25% of the paid-up capital and surplus of any such Bk. or Co.; or such available fund, or any

part thereof, may be loaned upon pledge of the securities or any of them named in subdivs. 1, 2, 3, 4 and 5 of Sec. 146, or upon the 1st Mtg. bonds, or any of them, of the railroads mentioned and described in subdiv. 6 of said Sec., but not in excess of 90% of the cash market value of such securities so pledged. Should any of the securities so held in pledge depreciate in value, after making any loan thereon, the trustees shall require the immediate payment of such loan or of a part thereof, or additional security therefor, so that the amount loaned shall at no time exceed 90% of the market value of the securities pledged for the same.

SEC. 149. Every such Corp. may also deposit temporarily in the Bks. or Tr. Cos. specified in Sec. 148 the excess of current daily receipts over the payments, until such time as the same can be judiciously invested in the securities required by this Art. \* \* \*

SEC. 150. The trustees of any Sav. Bk. shall not loan the moneys deposited with them or any part thereof, upon notes, bills of exchange, drafts or any other personal securities whatever. In all cases of loans upon real property, a sufficient bond secured by a Mtg. thereon shall be required of the borrower, and all expenses of searches, examinations and certificates of title, and of drawing, perfecting and recording papers, shall be paid by the borrower.

SEC. 151. Whenever buildings are included in the valuation of any real property upon which a loan shall be made by any such Corp., they shall be insured by the mortgagor in such Co. or Cos. as the directors shall direct, and the policy of Ins. shall be duly assigned, or the loss made payable as its interest may appear, to such Corp.; and any such Corp. may renew such policy of Ins. in the same or any other Co. or Cos. as they may elect, from year to year, or for a longer or shorter term, in case the mortgagor shall neglect to do so, and may charge the amount paid to the mortgagor. All the necessary

charges and expenses paid by such Corp. for such renewal or renewals shall be paid by the mortgagor to the Corp., and shall be a lien upon the property mortgaged, recoverable with interest from the time of payment as part of the moneys secured to be paid by the Mtg.

SEC. 152. No Sav. Bks. shall directly or indirectly deal or trade in real property in any other case or for any other purpose than is authorized by this Art., or deal or trade in any goods, wares, merchandise or commodities, whatever, except as authorized by this article, and except such personal property as may be necessary in the transaction of its business; nor shall any Sav. Bk. or any officer thereof in his regular attendance upon the business of the Bk., in any manner buy or sell exchange, or gold or silver, or collect or protest promissory notes or time bills of exchange; but Sav. Bks. may sell gold or silver received in payment of interest or principal of obligations owned by them, or from depositors in the regular course of business. \* \* \*

See also Sec. 44 under Trust Companies.

### TRUST COMPANIES.

SEC. 14. Every (Tr. Co.) \* \* \* shall, before engaging in such business, transfer and assign to the Supt. registered public stocks or bonds of the U. S. or of this state, or of any city, county, town, village or free sch. dist. in this state, authorized by the legislature to be issued, to the amount in value, and to be at all times so maintained by the Corp., of 10% on its paid-up capital stock, but not less in any case than \$100,000 in cities the population of which exceeds 500,000 inhabitants, and not less than \$50,000 in cities containing more than 100,000 inhabitants and less than 500,000 inhabitants, and not less than \$30,000 in cities containing more than 25,000 inhabitants and less than 100,000 inhabitants, and not less than \$20,000 in cities or towns of less than 25,000 inhabitants, the number of in-

habitants in each city or town to be ascertained by the last federal census or state enumeration. Such stocks must be registered in the name of the Supt. officially as held in trust under and pursuant to this Chap., \* \* \* Should any Corp., at any time, have deposited with the Supt. more than the amount hereby required, the excess may be refunded. With the approval of the Supt., such a deposit may be made by the Corp., either wholly or in part, in bonds or Mtgs. satisfactory to the Supt., on improved, unincumbered productive real property in this state worth at least 75% more than the amount loaned thereon. \* \* \*

SEC. 15. The securities deposited by any Corp. pursuant to the provisions of this Chap. with the Supt. of Bks. in trust for any purpose, may be exchanged from time to time for other securities receivable as provided in this Chap.; and so long as the Corp. so depositing shall continue solvent and comply with the laws of the state, it may be permitted by the Supt. to collect the interest or dividends on such deposits, and from time to time to withdraw any of such securities on depositing with the Supt. other like securities, the par and market value of which shall be equal to the par and market value of those withdrawn.

When any such deposit consists of bonds and Mtgs., the president or authorized agent of the Corp. depositing the same shall annex to every such Mtg. his affidavit that the Mtg. was made and taken in good faith for money loaned by the Corp. which he represents, to the amount therein named, and that no part thereof has been since paid or returned; or if any part has been paid, the amount unpaid, and that he has reason to believe and does believe that the premises thereby mortgaged are worth at least 75% more than the amount of the Mtg. thereon; and the Supt. shall prescribe such regulations for ascertaining the title and value of the real property mortgaged as he may deem necessary.



SEC. 27. 1. No Bk. or Tr. Co. shall make any loans to any person, Co., Corp. or firm, to an amount exceeding the 1-10th part of its capital stock, actually paid in, and surplus; PROVIDED, HOWEVER, that a Bk. or Tr. Co. having its principal place of business in a borough in any city of the state which borough had according to the last preceding state or U. S. census a population of 1,800,000 or over may loan to any person, Co., Corp. or firm, a sum not exceeding 25% of its capital stock actually paid in and surplus and a Bk. or Tr. Co. having its principal place of business elsewhere in the state 40% of its capital stock actually paid in and surplus upon security worth at least 15% more than the amount of the loans; or it may loan 10% of such capital and surplus as first above provided, and a Bk. or Tr. Co. having its principal place of business in a borough in any city in the state which borough had according to the last preceding state or U. S. census a population of 1,800,000 or over may loan a further sum not exceeding 15% of such capital and surplus and a Bk. or Tr. Co. having its principal place of business elsewhere in the state may loan 30% of such capital and surplus upon security worth at least 15% more than the amount of such loan so secured; and PROVIDED FURTHER, that a Bk. or Tr. Co. may buy from, or discount for, any person, Co., Corp. or firm, or loan upon, bills of exchange drawn in good faith against actually existing values, or commercial or business paper actually owned by the person negotiating the same, a sum not exceeding 25% of its capital stock actually paid in and surplus if its principal place of business is located in a borough in any city in the state which borough had, according to the last preceding state or U. S. census a population of 1,800,000 or over and not exceeding 40% of its capital stock actually paid in and surplus if its principal place of business is located elsewhere in the state; PRO-

VIDED FURTHER, however, that with the exception of the liability of the U. S., of this state, or of any county or incorporated city of this state the total liability of any person, Co. Corp. or firm to a Bk. or Tr. Co. shall not exceed 25% of the actually paid in capital stock and surplus of any such Bk. or Tr. Co. having its principal place of business in a borough in any city in the state which borough had according to the last preceding state or U. S. census a population of 1,800,000 or over and shall not exceed 40% of the actually paid in capital stock and surplus of any such Bk. or Tr. Co. having its principal place of business elsewhere in the state.

2. No loan shall be made by any Bk. or Tr. Co. upon the securities of one or more Corps. the payment of which is undertaken in whole or in part severally, but not jointly, by two or more individuals, firms or Corps.:

(a) If the borrowers or underwriters be obligated absolutely or contingently to purchase the securities or any of them collateral to such loan, unless the borrowers or underwriters shall have paid on account of the purchase of such securities an amount in cash or its equivalent equal to at least 25% of the several amounts for which they remain obligated in completing the purchase of such securities;

(b) if the Bk. or Tr. Co. making such loan be liable directly, indirectly or contingently, for the repayment of such loan or any part thereof;

(c) if its term including any renewal thereof, by agreement, express or implied, exceed the period of one year.

(d) or to an amount, under any circumstances, in excess of 25% of the capital and surplus of the Bk. or Tr. Co. making such loan.

3. No Corp. to which this Chap. is applicable except a Sav. and Loan Asso. shall hereafter make a loan, directly or indirectly, upon the security of real estate upon which there is a prior Mtg., lien or incumbrance,

if the amount unpaid upon such prior Mtg., lien or incumbrance, or the aggregate amount unpaid upon all prior Mtgs., liens and incumbrances exceeds 10% of the capital and surplus of such Corp., or if the amount so secured, including all prior Mtgs., liens and incumbrances shall exceed 2-3rds of the appraised value of such real estate as found by a committee of the directors or trustees of such Corp.; but this provision shall not prevent the acceptance of any such real estate securities to secure the payment of a debt previously contracted in good faith. Every Mtg. and every assignment of a Mtg. taken or held by such Corp. shall immediately be recorded in the office of the clerk of the county in which the real estate described in the Mtg. is located. \* \* \* no loan shall be made, directly or indirectly, upon real estate security by a Bk. having its principal place of business in a borough in any city in the state which borough had according to the last preceding state or U. S. census a population of 1,800,000 or over, if its total direct and indirect loans upon real estate security exceed, or by the making of such loan will exceed, 15% in the aggregate of the total assets of such Bk., or by a Bk. having its principal place of business in a village of not over 1500 inhabitants, according to such census, in which there is no Sav. Bk., if its total loans upon real estate security exceed, or by the making of such loan will exceed, 40% in the aggregate of its total assets, or by a Bk. having its principal place of business elsewhere in the state if its total direct and indirect loans upon real estate security exceed, or by the making of such loan will exceed 25% in the aggregate of its total assets.

4. No Corp. to which this Chap. is applicable, except a mortgage loan or investment corporation, nor any of its directors, officers, agents or servants shall, directly or indirectly, purchase or be interested in the purchase of any promissory note or other evidence of debt issued by it for a less sum than shall

appear on the face thereof to be due. \* \* \*

6. No president, director, cashier, clerk or agent of any Corp. to which this Chap. is applicable, and no person in any way interested or concerned in the management of its affairs, shall as individuals discount, or, directly or indirectly, make any loan upon any note or other evidence of debt, which he shall know to have been offered for discount to such Corp., and to have been refused. \* \* \*

7. No officer, director, clerk or agent of any Bk. shall borrow, directly or indirectly, from the Bk. with which he is officially connected any sum of money without the consent and approval of a majority of the board of directors thereof. \* \* \*

8. No Corp. to which this Chap. is applicable except a Sav. and Loan Asso., shall make any loan or discount on the security of the shares of its own capital stock nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within 6 Mos. from the time of its purchase, be sold or disposed of at public or private sale; nor shall any such Corp., either directly or indirectly, knowingly loan any money or property to any person for the purpose of enabling him to pay for or hold shares of its stock either subscribed for or purchased by him unless such loan is made upon security worth at least 15% more than the amount of such loan. Any Corp. violating either of the provisions of this Subdiv. shall forfeit to the people of the state twice the amount of such loan.

9. No Corp. to which this Chap. is applicable shall hereafter make a loan, secured by the stock of another moneyed Corp., if by the making of such loan the total stock of such other moneyed Corp. held by it as collateral will exceed in the aggregate 10% of the capital stock of such other moneyed Corp.

SEC. 44. The depositaries designated by the comptroller to receive funds or moneys paid into court shall pay a fair rate of interest,



and before receiving any such deposit shall give to the people of the state an undertaking, in such form as the attorney-general shall prescribe, such undertaking to be approved by the county judge of the county in which such savings bank, bank, trust company, bank association or banker shall be located, and by the comptroller of the state, and filed in the office of the comptroller, and such undertaking shall be secured by deposit of bonds as provided by Sec. 8 of the state finance law.

SEC. 186. Powers of corporation.

2. To receive deposits of trust moneys, securities and other personal property from any person or Corp., and to loan money on real or personal securities.

3. To lease, hold, purchase and convey any and all real property necessary in the transaction of its business, or which the purposes of the Corp. may require, or which it shall acquire in satisfaction or partial satisfaction of debts due the Corp. under sales, judgments or Mtgs., or in settlement or partial settlement of debts due the Corp. by any of its debtors.

9. To purchase, invest in and sell stocks, bills of exchange, bonds and Mtgs. and other securities; and when moneys or securities for moneys are borrowed or received on deposit, or for investment, the bonds or obligations of the Co. may be given therefor, but it shall have no right to issue bills to circulate as money.

II. \* \* \* No loan exceeding in amount 1-10th of its capital stock, shall be made by any such Corp., directly or indirectly, to any director or officer thereof and no loan to such director or officer shall be made without the consent of a majority of the directors. \* \* \*

SEC. 193. The capital of every such Corp. shall be invested in bonds and Mtgs. on unincumbered real property in this state not exceeding 60% of the value thereof, or in the stocks or bonds of this state, or of the U. S., or of any county or incorporated city of this state duly authorized by law to be is-

sued. Stocks or bonds constituting a part of the lawful investment of capital of any such Corp. shall not be valued upon its books or entered in its reports to the Supt. of Bks. at a higher price or value than their investment value as determined by amortization, after providing in a manner approved by the Supt. of Bks. for the gradual extinction of premiums or discounts on all such securities so as to bring them to par at maturity. The moneys received by any such Corp. in trust may be invested in its discretion in the securities of the kind in which its capital is required to be invested, or in the stocks or bonds of any state of the U. S., or in such real or personal securities as it may deem proper. No such Corp. shall hold stock in any private Corp. to an amount in excess of 10% of the capital, surplus and undivided profits of the Corp. holding such stock; nor shall any such Corp. hold or own stock of another moneyed Corp. the par value of which is in excess of 10% of the total amount of the stock of such other moneyed Corp. issued and outstanding, PROVIDED, HOWEVER, that this limitation shall not apply to the ownership of capital stock of a Safe Dep. Co. the vaults of which are connected with or adjacent to an office of such Tr. Co.

SEC. 198. Every Tr. Co. having its principal place of business or a branch office for the receipt and payment of deposits in a borough in any city in the state which borough had according to the last preceding state or U. S. census a population of 1,800,000 or over shall at all times have on hand a reserve fund equal to at least 15% of the aggregate of its deposits, exclusive of moneys held by it in trust, which are not made payable under the conditions of the trust within 30 days and also exclusive of time deposits not payable within 30 days represented by certificates showing the amount of the deposit, the date of issue, and the date when due and also exclusive of deposits which are secured by outstanding unmatured bonds or other obligations issued by the state of N. Y., or secured

by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the city of N. Y., and exclusive also of an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligations of the state of N. Y. or of the city of N. Y. owned and held by such Tr. Co. or held by a public department, a public officer or officers of this state, or of any other state, or of the U. S., in trust for such Tr. Co. The whole of such reserve fund must consist of either lawful money of the U. S., gold certificates, silver certificates, or notes or bills issued by any lawfully organized national banking association. Every Tr. Co. having its principal place of business in a borough in any city in the state which borough had according to the last preceding state or U. S. census a population of less than 1,800,000 which does not maintain a branch office in a borough having a population of over 1,800,000 inhabitants according to the last preceding state or U. S. census, shall at all times have on hand a reserve fund equal to at least 15% of the aggregate of its deposits, exclusive of moneys held by it in trust, which are not made payable under the conditions of the trust within 30 days and also exclusive of time deposits not payable within 30 days represented by certificates showing the amount of the deposit, the date of issue and the date when due and also exclusive of deposits which are secured by outstanding unmatured bonds or other obligations issued by the state of N. Y., or secured by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the city of N. Y., and exclusive also of an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligations of the state of N. Y. or of the city of N. Y. owned and held by such Tr. Co. or held by a public department, a public officer or officers of this state, or of any other state, or of the U. S., in trust for such Tr. Co. The whole of such reserve fund

may, and at least 2-3rds thereof must, consist of either lawful money of the U. S., gold certificates, silver certificates, or notes or bills issued by any lawfully organized national banking association, and the balance thereof over and above the part consisting of lawful money of the U. S., gold certificates, silver certificates, notes or bills issued by any lawfully organized national banking association must consist of moneys on deposit subject to call in any Bk. or Tr. Co. in this state having a capital of at least \$200,000 or a capital and surplus of at least \$300,000, and approved by the Supt. of Bks. Every Tr. Co. having its principal place of business elsewhere in this state shall at all times have on hand a reserve fund equal to at least 10% of its aggregate deposits, exclusive of moneys held by it in trust which are not made payable under the conditions of the trust within 30 days and also exclusive of time deposits not payable within 30 days represented by certificates showing the amount of deposit, the date of issue and the date when due and also exclusive of deposits which are secured by outstanding unmatured bonds or other obligations issued by the state of N. Y., or secured by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the city of N. Y., and exclusive also of an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligations of the state of N. Y. or of the city of N. Y. owned and held by such Tr. Co. or held by a public department, a public officer or officers of this state, or of any other state, or of the U. S., in trust for such Tr. Co. The whole of such last mentioned reserve fund may, and at least 50% thereof must, consist either of lawful money of the U. S., gold certificates, silver certificates, or notes or bills, issued by any lawfully organized national banking association; and the balance thereof over and above the part consisting of lawful money of the U. S., gold certificates, silver certificates, notes and bills, issued by any



lawfully organized national banking association, must consist of money on deposit subject to call in any Bk. or Tr. Co. in this state having a capital of at least \$200,000 or a capital and surplus of at least \$300,000 and approved by the Supt. of Bks. The amounts to be kept on hand, as above provided, shall be called the lawful money reserve. If the lawful money reserve of any Tr. Co. shall be less than the amount required by this Sec. such Tr. Co. shall not increase its liability by making any new loans or discounts otherwise than by discounting bills of exchange, payable on sight \* \* \* until the full amount of its lawful money reserve has been restored. \* \* \*

(See, also, Sec. 27, under State Bks.)

**STATE BANKS OF DISCOUNT AND DEPOSIT.**

SEC. 27. (7) No officer, director, clerk or agent of any Corp. to which this Chap. is applicable shall borrow, directly or indirectly, from the Corp. with which he is connected any sum of money without the consent and approval of a majority of the board of directors thereof. If an officer, director, clerk or agent of any Corp. to which this Chap. is applicable shall own or control a majority of the stock of any other Corp. a loan to that Corp. shall be considered for the purpose of this subdiv. as a loan to such officer, director, clerk or agent. \* \* \*

SEC. 66. In addition to the powers conferred by the general and stock Corp. laws every Bk. shall have power:

1. To exercise by its boards of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt; \* \* \* by loaning money on personal security; \* \* \*

2. To take and become the owner of any stocks or bonds or interest-bearing obliga-

tions of the U. S., or of the state of N. Y., or of any city, county, town or village of this state, the interest on which is not in arrears.

3. To purchase, hold and convey real property for the following purposes:

a. Such as shall be necessary for its immediate accommodation in the convenient transaction of its business.

b. Such as shall be mortgaged to it in good faith, by way of security for loans made by, or moneys due to, such Corp.

c. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

d. Such as it shall purchase at sales under judgments, decrees or Mtgs. held by it.

No such Corp. shall purchase, hold or convey real property in any other case or for any other purpose, and all conveyances of real property shall be made to it directly and by name.

SEC. 67. Every Bk. \* \* \* shall at all times have on hand in lawful money of the U. S., gold certificates, silver certificates, or notes or bills issued by any lawfully organized national banking association an amount equal to at least 25% of the aggregate amount of its deposits, exclusive of time deposits not payable within 30 days, represented by certificates showing the amount of the deposit, the date of issue and the date when due, and, also, exclusive of deposits which are secured by outstanding unmatured bonds or other obligations issued by the state of N. Y., or secured by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the city of N. Y., and exclusive also of an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligations of the state of N. Y. or of the city of N. Y. owned and held by such Bk. \* \* \* or held by a public department, a public officer or officers of this state, or of any other state, or of the U. S., in trust for such Bk. \* \* \*, if its principal place of business

is located in any borough in any city of the state which borough according to the last preceding state or U. S. census had a population of 1,800,000 or over; and an amount equal to at least 20% of the aggregate amount of its deposits, exclusive of time deposits not payable within 30 days, represented by certificates showing the amount of the deposit, the date of issue and the date when due, and, also exclusive of deposits which are secured by outstanding unmatured bonds or other obligations issued by the state of N. Y., or secured by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the city of N. Y., and exclusive also of an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligation of the state of N. Y. or of the city of N. Y. owned and held by such Bk. \* \* \*, or held by a public department, a public officer or officers of this state, or of any other state, or of the U. S., in trust for such Bk. \* \* \*, if its principal place of business is located in any borough, which borough according to the last preceding state or U. S. census had a population of 1,000,000 or over, and less than 1,800,000; and an amount equal to at least 15% of the aggregate amount of its deposits, exclusive of time deposits not payable within 30 days, represented by certificates showing the amount of the deposit, the date of issue and the date when due, and, also, exclusive of deposits which are secured by outstanding unmatured bonds or other obligations issued by the state of N. Y., or secured by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the city of N. Y., and exclusive also of an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligations of the state of N. Y. or of the city of N. Y. owned and held by such Bk. \* \* \*, or held by a public department, a public officer or officers of this state, or of any other state, or of the U. S., in trust for such Bk.

\* \* \* if its principal place of business is located elsewhere in the state. The amount thus to be kept on hand shall be called its lawful money reserve. 2-5ths of such lawful money reserve of any Bk. \* \* \* located in any borough in any city in the state which borough according to the last preceding state or U. S. census had a population of 1,800,000 or over,  $\frac{1}{2}$  of such lawful money reserve of any Bk. \* \* \* located in any borough in any city of the state which borough according to the last preceding state or U. S. census had a population of less than 1,800,000 and which Bk. \* \* \* does not maintain a branch office in any borough having a population according to the last preceding state or U. S. census of 1,800,000 or over, and 3-5ths of the lawful money reserve of any Bk. \* \* \* located elsewhere in the state may consist of moneys on deposit subject to call with any Bk. or Tr. Co. in this state having a capital of at least \$200,000, or a capital of at least \$150,000 and a surplus of at least \$150,000, and approved by the Supt. of Bks. as a depository of lawful money reserve. If the lawful money reserve of any Bk. \* \* \* shall be less than the amount required by this section, such Bk. \* \* \* shall not increase its liabilities by making any new loans or discount otherwise than by discounting bills of exchange payable on sight, \* \* \* until the full amount of its lawful money reserve has been restored. \* \* \*

SEC. 74. Every Bk. \* \* \* may take, receive, reserve and charge on every loan and discount made, or upon any note, bill of exchange or other evidence of debt, interest at the rate of 6%\* per annum; and such interest may be taken in advance, reckoning the days for which the note, bill or evidence of debt has to run.

\* \* \* The purchase, discount or sale of a bona fide bill of exchange, note or other evidence of debt payable at another place than the place of such purchase, discount or sale

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\* No higher rate is permitted.



at not more than the current rate of exchange for sight draft, or a reasonable charge for the collection of the same, in addition to the interest, shall not be considered as taking or receiving a greater rate of interest than 6% per annum.

SEC. 75. Upon advances of money repayable on demand to an amount not less than \$5,000 made upon warehouse receipts, bills of lading, certificates of stock, certificates of deposit, bills of exchange, bonds or other negotiable instruments, pledged as collateral security for such repayment, any Bk. \* \* \* may receive or contract to receive and collect as compensation for making such advances any sum to be agreed upon in writing by the parties to such transaction.

SEC. 76. Every Bk. \* \* \* heretofore or hereafter authorized to do business, not having given notice of intention to close the business of banking, shall, before commencing or continuing such business, have and keep on deposit in the banking dept. in addition to the deposit required to secure circulating notes, stocks of this state or of the U. S. bearing interest, to the amount of \$1,000, which shall be held by the Supt. of Bks. as a pledge of good faith, and guaranty of compliance with the banking laws of the state on the part of such Bk. \* \* \* The proceeds of such stock or the interest thereon, or so much thereof as may be necessary, may be applied by the Supt. to the payment of any penalty incurred by, or the assessment imposed upon, the Bk. \* \* \* for whom such deposit is held. \* \* \*

Whenever any Bk. \* \* \* is required by law to make a deposit of securities with the Supt. of Bks. in trust for such Bk. \* \* \*, such deposit shall consist of interest-bearing stock of the state of N. Y. or of the U. S.

See, also, Secs. 27, 44, and 67 under Tr. Cos.

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Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## OHIO

Corrected to and including 1911, Sess. of Leg.

## SAVINGS BANKS.

SEC. 9729. \* \* \* No loan shall be made, directly or indirectly, to an officer, or member of the executive committee of such a Corp., unless duly authorized by a majority of the members of the board of directors. Such authorization shall be recorded on the records of their proceedings, and all loans when so authorized and made to officers, or members of the executive committee shall be made and secured in the same manner as loans to other persons.

SEC. 9744. Nothing in this Chap. shall affect the legality of investments heretofore made, or of transactions heretofore had, but the Supt. of Bks. may require the change of investments for those named herein, as it can be done by the sale or redemption of securities so invested in, in such manner as to prevent loss or injury to the Bk. No renewal or extension of such a loan or investment shall be made by such a Corp. unless it be approved by the Supt. of Bks.

SEC. 9762. A Sav. Bk. may purchase, lease, hold and convey real estate for the purposes and in the manner hereinbefore provided as to Commercial Bks., and subject to like restrictions and limitations.

SEC. 9764. Sav. Bks. shall keep as a reserve the same percentage of their deposits as Commercial Bks., subject to the same restrictions as to such reserve, *except that 1/2 of the reserve required to be kept in the vaults of the Bk. may be invested in the securities named in paragraphs b and c of Sec. 9758, and the bonds of any city or county within this state. When the reserve of a Sav. Bk. required to be kept in its vaults exceeds \$500,000, the amount in excess thereof may be invested in bonds or other interest bearing obligations of the U. S.*



SEC. 9765. A Sav. Bk. may invest the residue of its funds in, or loan money on, discount, buy, sell or assign promissory notes, drafts, bills of exchange and other evidences of debt and also invest its capital, surplus and deposits in, and buy and sell the following:

a. The securities mentioned in Sec. 9758,\* subject to the limitations and restrictions therein contained, except that Sav. Bks. may loan not more than 75% of the amount of the paid-in capital, surplus and deposits on notes secured by Mtg. on real estate. But all loans made upon personal security shall be upon notes with two or more signers or one or more indorsers, payable and to be paid at a time not exceeding 6 mos. from the date thereof. In the aggregate, not exceeding 30% of the capital, surplus and deposits of a Sav. Bk. shall be so invested.

b. Stocks, which have paid dividends for 5 consecutive yrs. next prior to the investment, bonds, and promissory notes of Corps.,† when this is authorized by an affirmative vote of a majority of the board of directors or by the executive committee of such Sav. Bk. No purchase or investment shall be made in the stock of any other Corp. organized or doing business under the provisions of this Chap. The Supt. of Bks may order any such securities which he deems undesirable to be sold within 6 mos.

c. Promissory notes of individuals, firms or Corps., when secured by a sufficient pledge of collateral approved by the directors, subject to the provisions of Secs. 9754 and 9755.

SEC. 9766. When the reserve of any Sav. Bk. falls below the amount required, it shall be governed by the provisions of Sec. 9760.

SEC. 9771. The total liabilities, including overdrafts, of any person, Co., Corp. or firm

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\* Part of Sec. 9758 refers to municipal and part to railroad securities.

† The Department of Banks and Banking holds that inasmuch as the banking law does not mention "railroad" corporations specifically that they are included in the general use of the word "corporations."

to a Sav. Bk., either as principal debtor or as security or indorser for others, for money borrowed, at no time shall exceed 20% of the paid-up capital and surplus of such Corp. But the discount of bills of exchange drawn against actually existing values, and the discount of commercial or business paper actually owned by the person, Co., Corp. or firm negotiating it shall not be considered as money borrowed.

SEC. 9790. Not more than 20% of the capital and surplus of a Corp. doing business under this Chap. shall be invested in any one stock security or loan, unless it be in bonds or other interest bearing obligations enumerated in paragraphs *b*, *c* and *d* of Sec. 9758, or in a building and vaults.

SEC. 9822. Safe Dep. and Tr. Cos. (also Sav. Societies & Sav. & Loan Associations) organized or doing business under the laws of this state, in addition to the powers heretofore conferred upon such Corps., in addition to the investments hereinbefore authorized, may loan and invest the funds, moneys and property owned or received by such Cos. respectively, and to the respective amounts to which they are limited in other loans and investments, in legally authorized 1st Mtg. bonds or Steamship Cos. Such Mtg. shall be upon steel steamships or steamships for the carriage of freight, or package, freight and passengers combined upon the great lakes and connecting waters, of at least 5,000 tons carrying capacity each. Such bonds shall be issued at the time of the completion and enrollment of the steamship or steamships, or within 5 yrs thereafter. The Mtg. by express terms shall state that at least 10% of the total issue of such bonds shall be retired, annually, beginning within 2 yrs. from the date thereof, and the Mtg. liability against such property shall not exceed  $\frac{1}{2}$  of its actual cost.

SEC. 9823. The terms of such Mtg. shall specifically state that the mortgagor shall not suffer any steamship so mortgaged to be indebted at any time in an amount in the aggre-

gate exceeding 5% of its actual cost, and that the failure of the mortgagor forthwith to procure the release of mechanics', laborers', admiralty, statutory or other liens, claims or charges against such steamship, shall constitute a default in the provisions of the Mtg.

SEC. 9824. The trustees of such Mtg. shall be required to protect such lien by attending to the recording thereof, and causing the property covered to be insured against all risks on vessel property ordinarily covered by such Ins. including marine risks and disasters, general and particular average, collision, liability, protection and indemnity Ins., and Ins. against liability for injuries to persons in Ins. Cos., and under forms of policies approved by the trustees for an amount equal to the full Ins. value of such steamship or steamships. Such Ins. shall be made with loss payable to the trustee and the policies deposited with them.

See also Sec. 9761 under Commercial Bks.

#### TRUST COMPANIES.

SEC. 9774. A Tr. Co. may purchase, lease, hold and convey real estate, exclusive of trust property, for the purpose and in the manner provided by this Chap. as to Commercial Bks., and subject to like restrictions and limitations.

SEC. 9778. No such Corp. either foreign or domestic shall accept trusts which may be vested in, transferred or committed to it by an individual, or court, until its paid-in capital is at least \$100,000, and until such Corp. has deposited with the treasurer of state in cash \$50,000 if its capital is \$200,000 or less, and \$100,000 if its capital is more than \$200,000, except that, the full amount of such deposit by such Corp. may be in bonds of the U. S., or of this state, or any municipality or county therein, or in any other state, or in the 1st Mtg. bonds of any R. R. Corp. that for 5 yrs. last past paid dividends of at least 3% on its common stock.

SEC. 9779. The treasurer of state shall hold such fund or securities deposited with him as security for the faithful performance of the

trusts assumed by such Corp., but so long as it continues solvent he shall permit it to collect the interest on its securities so deposited. From time to time said treasurer shall permit withdrawals of such securities or cash, or part thereof, on the deposit with him of cash, or other securities of the kind heretofore named, so as to maintain the value of such deposit as herein provided.

SEC. 9781. Moneys or properties received on deposits or in trust by such Corp., unless by the terms of the trust some other mode of investment is prescribed, together with its capital and surplus, excepting such as is required to be kept as a reserve, shall be invested in or loaned only on the following:

*a.* The securities mentioned in paragraphs *b, c, d, e,\* f* of Sec. 9758, subject to the limitations and restrictions contained in said paragraphs, except that Tr. Cos. shall not loan more than 60% of the amount of their paid-in capital, surplus and deposits on notes secured by Mtg. on real estate;

*b.* Stocks, which have paid dividends for 5 consecutive yrs. next prior to the investment, and bonds of Corps.† when they are authorized by the affirmative vote of the majority of the board of directors or of the executive committee of such Tr. Co.; but the Supt. of Bks. may order that any such securities which he deems undesirable shall be sold within 6 mos.;

*c.* Promissory notes of individuals, firms, or Corps., when secured by a sufficient pledge of collateral, approved by the directors, subject to the provisions of Secs. 9754 and 9755.

SEC. 9782. All moneys or properties received in trust by such Co., unless by the terms of the trust some other mode of investment is prescribed, together with the capital and surplus of such Corp., also may be invested in

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\* This in part refers to railroad securities.

† The Department of Banks and Banking holds that inasmuch as the banking law does not mention "railroad" corporations specifically that they are included in the general use of the word "corporations."



ground rents, when authorized by a vote of the board of directors.

SEC. 9783. Not more than 20% of the capital and surplus of any such Corp. shall be invested in any one security or loan unless it be in bonds or other interest bearing obligations enumerated in paragraphs *b*, *c* and *d* of Sec. 9758, or in providing a building and vaults.

SEC. 9784. No investment in notes secured by Mtg. on real estate shall be made by such Corp. except upon the approval of the board of directors.

SEC. 9785. No Tr. Co. shall lend any part of its capital or surplus unless such loan be secured by bonds or stocks as collateral in which it is allowed to invest its capital, or by Mtg. on real estate, where the amount loaned inclusive of prior incumbrances thereon does not exceed 60% of the value of the real estate, including improvements, which shall be kept adequately insured; nor shall such Corp. lend to any one person, firm, association or Corp. more than 20% of its paid-in capital and surplus.

SEC. 9787. Tr. Cos. shall keep the same reserve as is required of Sav. Bks., but they shall not be required to keep a reserve on trust funds. When the reserve of a Tr. Co. falls below the amount required, it shall be governed by the provisions of Sec. 9760. This Sec. does not apply to money or property held in trust.

SEC. 9788. In the management of money and property held by it as trustee, under the powers conferred in the foregoing Secs., such Tr. Co. may invest them in a general trust fund of the Corp. But the authority making the appointment, upon the conferring of it, may direct whether such money and property shall be held separately or invested in a general trust fund of the Corp.; except that such Corp. always shall follow and be governed by all directions contained in any instrument under which it acts.

See also Secs. 9729, 9744, 9790, 9822, 9823

and 9824 under Sav. Bks.; also Sec. 9761 under Commercial Bks.

### COMMERCIAL BANKS.

SEC. 9753. A Commercial Bk. may purchase, lease, hold and convey real estate only as follows:

*a.* Real estate whereon is erected or may be erected a building or buildings useful for the convenient transaction of its business, and from portions of which, not required for its use, a revenue may be derived; but the cost of such building or buildings and the real estate whereon they are erected, in no case shall exceed 60% of its paid-in capital and surplus;

*b.* Such as is mortgaged or conveyed to it in good faith by way of security for loans made by or money due to such Corp.;

*c.* Such as has been purchased by it at sales upon the foreclosure of Mtgs. owned by it, or on judgments or decrees obtained or rendered for debts due to it, or in settlements effected to secure such debts. All real property referred to in this paragraph shall be sold by such Corp. within 5 yrs. after it vested therein, unless upon application by the board of directors, the Supt. of Bks. extends the time within which such sales shall be made;

*d.* Such Corp. also shall have power by lease to acquire a suitable building for the convenient transaction of its business, and from portions of which, not needed for its own use, a revenue may be derived.

SEC. 9754. A Bk. doing business as a Commercial Bk., shall not lend, including overdrafts, to any one person, firm or Corp., more than 20% of its paid-in capital and surplus, unless such loan be secured by 1st Mtg. upon improved farm property in a sum not to exceed 60% of its value. The total liabilities, including overdrafts, of a person, Co., Corp., or firm to any Bk. either as principal debtor or as security or indorser for others, for money

borrowed, at no time shall exceed 20% of its paid-in capital stock and surplus. But the discount of bills of exchange drawn against actually existing values, and the discount of commercial or business paper actually owned by the person, Co., Corp. or firm negotiating it, shall not be considered as money borrowed.

SEC. 9755. The deposits of funds in a Bk. or Tr. Co., not duly designated as a depository by the board of directors as hereinafter provided, shall be held to be a loan within the meaning of the preceding Sec.

SEC. 9756. Loans by a Commercial Bk. upon Mtg. or other forms of real estate security, shall not be made until after the adoption of a general resolution by a  $\frac{2}{3}$ rds vote of the board of directors, stating to what extent its officers may loan on real estate. The aggregate amount of such loans shall not exceed 50% of the capital, surplus and deposits of such Corp.; except that, if a Bk. combines the business of a Commercial and Sav. Bk., it may lend up to 60% of its capital stock, surplus and deposits upon real estate security, after the adoption of a general resolution authorizing it by a  $\frac{2}{3}$ rds vote of the board of directors. Such loans shall be upon real estate, situated in this state, or in states immediately adjacent thereto, and inclusive of prior incumbrances shall not exceed 40% of the value of such real estate, if unimproved, and if it is improved, 60% of its value. The improvements shall be kept adequately insured.

SEC. 9757. A Commercial Bk. also may loan money on personal security, discount, buy, sell or assign promissory notes, drafts, bills of exchange, and other evidences of debt, and buy and sell exchange, coin and bullion.

SEC. 9758. Subject to the provisions of the preceding Sec. Commercial Bks. may invest their capital, surplus and deposits in, or loan them upon:

a. Personal or collateral securities.

b. Bonds or other interest-bearing obligations of the U. S., or those for which the faith of the U. S. is pledged to provide pay-

ment of the interest and principal, including bonds of the Dist. of Col.; also in bonds or other interest-bearing obligations of any foreign government.

*c.* Bonds of interest-bearing obligations of this or any other state of the U. S.

*d.* The legally issued bonds or interest-bearing obligations of any city, village, county, township, Sch. Dist. or other Dist., or political Subdiv. of this or any other state or territory of the U. S. and of Canada.

*e.* Mtg. bonds or collateral Tr. bonds of any regularly incorporated Co.,\* which has paid, for at least 4 yrs., dividends at the rate of at least 4% on their capital stock. Such loan shall not exceed 80% of the market or actual value of such bonds, the purchase of which first has been authorized by the directors. All such securities having a fixed maturity shall be charged and entered upon the books of the Bk. at their cost to the Bk., or at par, when a premium is paid, and the Supt. of Bks. shall have the power to require any security to be charged down to such sum as in his judgment represents its value. The Supt. of Bks. may order that any such securities which he deems undesirable be sold within 6 mos.

*f.* Notes secured by Mtg. on real estate, where the amount loaned thereon inclusive of prior incumbrances does not exceed 40% of the value of the real estate if unimproved, and if improved 60% of its value, including improvements, which shall be kept adequately insured. Not more than 50% of the amount of the paid-in capital, surplus and deposits of such Bk. at any time shall be invested in such real estate securities.

SEC. 9760. When the reserve of a Commercial Bk. falls below the amount required \* \* \* , it shall not make new loans or discounts, otherwise than by discounting or pur-

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\* The Department of Banks and Banking holds that inasmuch as the banking law does not mention "railroad" corporations specifically that they are included in the general use of the word "corporations."

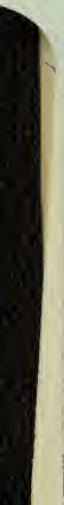


chasing bills of exchange, payable at sight or on demand, nor make dividends of its profits, until the reserve required by law is restored. \* \* \*

SEC. 976I. No Commercial Bk., Sav. Bk., Safe Dep. Co. or Tr. Co. shall loan money on the security or pledge of the shares of its capital stock; nor be the purchaser or holder of any such shares, unless such security or purchase be necessary to prevent loss upon a debt previously contracted in good faith. Stock so acquired, shall within 6 mos. from the time of its purchase, be sold or disposed of at public sale on 30 days' notice from the Supt. of Bks., \* \* \*.

See also Secs. 9729, 9744, 9790, under Sav. Bks.

P



Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## PENNSYLVANIA.

### SAVINGS BANKS WITHOUT CAPITAL STOCK.

(20 May, 1889, § 6, P. L. 246.)

10. It shall be lawful for any association incorporated under this act to purchase, hold and convey real estate as follows:

1. Such as shall be necessary for its immediate accommodation in the transaction of its business.

2. Such as shall be mortgaged to it in good faith as security for debts contracted previous to the execution of any such mortgage.

3. Such as it shall purchase at sales under judgments, decrees or mortgages held by such corporation, or shall purchase to secure debts due to said corporation.

(20 May, 1899, § 17, P. L. 246.)

28. It shall be lawful for the trustees of any savings bank to invest money deposited therein only as follows:

1st. In the stocks or bonds of interest-bearing notes, or the obligations of the United States, or those for which the faith of the United States is pledged, to provide for the payment of the interest and the principal.

2d. In the stocks or bonds of the Commonwealth of Pennsylvania bearing interest.



3d. In the stocks or bonds of any State in the Union that has not, within ten years previous to making such investment by such corporation, defaulted in the payment of any part of either principal or interest of any debt authorized by any legislature of such State to be contracted.

4th. In the stocks or bonds of any city, county, town or village, of any State of the United States, issued pursuant to the authority of any law of the State, or in any interest-bearing obligations issued by the city or county in which such bank shall be situated.

5th. In bonds or mortgages or unincumbered improved real estate situate in this State.

31. It shall not be lawful for the trustees of any savings bank or institution incorporated under this act to loan the money deposited with them, or any part thereof, upon notes, bills of exchange or drafts, or to discount any such notes, bills of exchange or drafts.

32. And in all cases of loans upon real estate a sufficient bond secured by a mortgage thereon, shall be required of the borrower, and all the expenses of searches, examinations, certificates of title or appraisal of value and of drawing, perfecting and recording papers shall be paid by such borrower.

33. Whenever buildings are included in the valuation of any real

estate upon which a loan shall be made by any such Corp., they shall be insured by the mortgagor in such Co. or Cos. as the trustees shall direct, and the policy of Ins. shall be duly assigned or the loss made payable as its interest may appear to such Corp., and it shall be lawful for such Corp. to renew such policy of Ins. from year to year, or for a longer or shorter time, in case the mortgagor shall neglect to do so, and may charge the amount paid to the mortgagor. And all the necessary charges and expenses paid by such Corp. for such renewal or renewals shall be paid by such mortgagor to such Corp., and shall be a lien upon the property so mortgaged, recoverable with interest, from the time of payment as part of the money secured to be paid by such Mtg.

34. It shall be unlawful for any Corp. incorporated under this act, directly or indirectly, to deal or trade in real estate, or in any goods, wares, merchandise or commodities whatever, except as authorized by this act, and except such personal property as may be necessary in the transaction of its business.

**BANKS OF DISCOUNT AND DEPOSIT.**

SEC. 8. That it shall be lawful for any association incorporated under this act to purchase, hold and convey real estate as follows:

1st. Such as shall be necessary for its immediate accommodation in the transaction of its business.

2d. Such as shall be mortgaged to it in good faith as security for debts.

3d. Such as it shall purchase at sales under judgments, decrees or Mtgs. held by such Corp., or shall purchase to secure debts due to said Corp.

Such Corp. shall not purchase or hold real estate in any other case or for any other purpose than as specified in this Sec., nor shall it in any case hold the possession of any real estate under Mtg., or the title and possession of any real estate under Mtg., or the title and possession of any real estate purchased by it, except such as may be necessary for its immediate accommodation in the transaction of its business, for a longer period than 5 yrs. (This clause was amended June 10, 1911, as follows:)

“SEC. I. Be it enacted, etc., that the time during which all Corps. are authorized by law and their charters to hold and convey real estate, acquired by them under execution or in satisfaction of debts, be and the same is hereby extended to all property heretofore bought and now held by such Corps., for and during a further period of 5 yrs. from and after the expiration of the time during which, as aforesaid, they are now so authorized to hold and convey the same,” — be and the same are hereby revived, continued, and extended, in so far as they relate to banking Cos., for a period of 5 yrs. from and after the passage of this act: Provided, however, that nothing in this act shall apply to R. R. right of ways.

SEC. I. Be it enacted, etc., that Bks. chartered under the provisions of the laws of \* \* \* Penn. be and they are hereby authorized to loan money on the security of bonds and Mtgs., on unincumbered real estate situated in this state,

not in excess of their time deposits, and to invest their funds, not exceeding twenty-five per centum of their capital stock, surplus and undivided profits, in the purchase of such mortgages; and may also purchase, for investment, any interest-bearing bonds or other obligations of any corporation or individual.

Approved July 10, 1901.

**BANKS, TRUST COMPANIES, AND SAVINGS INSTITUTIONS, WITH CAPITAL STOCK.**

SECTION 1. Be it enacted, etc., that no director of any banking institution, trust company, or savings institution, having capital stock, heretofore or hereafter incorporated in this commonwealth, shall receive as a loan an amount greater than ten per centum of the capital stock actually paid in, and surplus; and the gross amount loaned to all officers and directors of such corporations, and to the firms or houses in which they may be interested directly or indirectly, shall not exceed at any time the sum of twenty-five per centum of the capital stock paid in, and surplus.

SECTION 2. That no corporation under this act shall take as security for any loan or discount, a lien on any part of its capital stock; but the same surety, both in kind and amount, shall be required of persons, shareholders and not shareholdings; and no such corporation shall be the holder or purchaser of any of its capital, un-



less such purchase shall be necessary to prevent loss on a debt previously contracted in good faith, on surety which at the time was deemed adequate for the payment of such debt, without a lien upon such stock, or in case of forfeiture of such stock for the non-payment of installments due thereon. . . .

Approved June 14, 1901.

R



Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## RHODE ISLAND.

Corrected to and including January, 1912, Session.

## SAVINGS BANKS.

## CHAP. 237, GEN. LAWS, 1909.

SEC. 10. Any deposit in a Sav. Bk. or the Sav. Dept. of a bank or Tr. Co. may be pledged by delivery of the pass-book evidencing such deposit to the pledgee, with an order for its transfer; but no such pledge shall be effective to secure such deposit against any person other than the pledgor, his executor or administrator, unless an actual transfer of said deposit shall have been made upon the books of the Sav. Bk., or said order for such transfer shall have been disclosed to, and a copy filed with, the Sav. Bk. holding such deposit.

## CHAP. 687, PUB. LAWS, 1911.

SEC. 1. All deposits in Sav. Bks. and in the Sav. or participation Dept's. of, or received as savings deposits or on participation by Bks. and Tr. Co's., and in the case of Sav. Bks. the income derived from investments held, hereafter received shall be invested only as follows:

Clause I. (a) In the bonds or notes of the U. S. or of any state or territory of the U. S. provided that such state or territory has not, in the 10 yrs. next preceding the time of such investment, repudiated its debt or failed to pay the same, or the interest due thereon or upon any part of such debt.

(b) In the bonds or notes of any city or town of the New Eng. States or of the State of N. Y., which has not defaulted upon any of its bonds or notes during the 10 yrs. next preceding such investment, whose net debt does not exceed 7% of the last preceding valuation of the property therein for the assessment of taxes; or of any incorporated Dist. of said states which has within its limits more than 5,000 inhabitants, and whose



bonds or notes are a direct obligation on all the taxable property of such Dist., and whose net debt does not exceed 5% of such valuation, and which bonds are provided for by a sinking fund or serial retirement; or of any incorporated Dist. within this state which has within its limits more than 2,500 inhabitants and whose net debt does not exceed 5% of such valuation, and which bonds are provided for by a sinking fund or serial retirement.

(c) In the bonds or notes of any city of any of the U. S. other than the New Eng. States, and the State of N. Y., which has not defaulted upon any of its bonds or notes during the 10 yrs. next preceding such investment, and which has 30,000 or more inhabitants, as established by the last national or state census, or city census certified to by the clerk or treasurer of such city, and taken in the same manner as a national or state census, preceding such investment, and whose net debt does not exceed 7% of the valuation of the taxable property therein, as fixed by the last preceding valuation of property therein for the assessment of taxes, or in the bonds and obligations of any incorporated Sch. Dist. within any such city, which have been issued by the legally constituted authorities empowered to issue such bonds and obligations, payable primarily from taxes levied on all taxable property in such Dist. PROVIDED, that the population of such Dist. is 30,000 or more, and the population and assessed valuation of the Dist. are equal to at least 75% of the population and assessed valuation of the city within which such Dist. is located: And, PROVIDED, FURTHER, that the net municipal debt of such city is not in excess of the limit hereinbefore set.\*

(d) In the bonds or notes of any county of any state of the U. S., which has at the date of such investment more than 100,000 inhabitants, as established by the last national

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\* It is ruled that the 7% limit of municipal debt is inclusive of Sch. Dist. debt.

or state census, preceding such investment, and whose net debt does not exceed 3% of the valuation of the taxable property therein, as fixed by the last preceding valuation of property therein for the assessment of taxes.

(e) The term "net debt" shall mean the debt of a city, town, county, or Dist., after deducting from the total debt the amount of the sinking funds available for the payment of such debt, the net outstanding water and sewer debts, and the tax levy for the current year, in computing the limit of debt of such city, town, county or Dist.

Clause II. In the bonds and notes and receivers' certificate of steam R. R. corporations described herein below, in the "table of eligible steam R. R. bonds and notes," subsections (a) to (y) inclusive, subject to the following definitions and classification:

The words "railroad" and "railway" are to be considered synonymous titles.

The term, "funded debt" herein used shall include all bonds and notes bearing interest. All "income bonds" are ineligible.

The eligibility of such bonds for such investment is defined as follows, unless hereinafter otherwise provided:

Such R. R. Corp. shall own its road in fee.

The R. R. of such Corp. shall be located principally in the U. S.

The R. R. of such Corp. shall be of standard gauge.

Such R. R. must be not less than 100 miles in length, exclusive of sidings.

The net income of any such Corp. shall be its earnings and income after payment of all operating expenses, maintenance charges, rentals, and taxes, and all guaranteed dividends and guaranteed interest paid by, or due from, it.

The net earnings and income of any such corporation shall equal the following requirements by the following classes, to which reference is made in the succeeding table of bonds.

Class I. Any such corporation of this class must have earned and received in each of its

3 fiscal yrs., or 3 nearer and successive periods of 1 yr., next preceding such investment, a net income of not less than twice the annual interest for the \*current year on all its funded debt, including the bonds in question.

Class II. Any such corporation of this class must have earned and received a net income, in each of its 3 fiscal yrs., or 3 nearer and successive periods of 1 yr., next preceding such investment, not less than twice the annual interest for the \*current year on the underlying mortgage bonds in question and all prior liens.

Class III. Any such corporation of this class must have earned and received in each of its 3 fiscal years, or 3 nearer and successive periods of 1 year, next preceding such investment, a net income of not less than twice the annual interest for the \*current year on all its mortgage debt outstanding, including the bonds in question.

Class IV. Any such corporation of this class must have earned and received in each of its 3 fiscal yrs., or 3 nearer and successive periods of 1 yr., next preceding such investment, a net income of not less than  $1\frac{1}{2}$  times the annual interest for the \*current year on all its funded debt, including the bonds in question.

(a) Debenture bonds of any such steam R. R. Corp., incorporated in any of the U. S., whose net income is described in Class I.

(b) Debenture bonds of any such steam R. R. Corp., incorporated in any of the U. S., which has leased its R. R. to another such R. R. whose net income is described in Class I: PROVIDED, that such lease is for a term extending at least 10 yrs. after the maturity of the bonds in question, and that the rent from such lease is sufficient to meet the interest, and sinking fund requirements if any, on said bonds or any prior lien or any other debenture bonds, together with a dividend of not less than 4% per annum on the entire

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\* "Current year" means the year now passing.

capital stock of the lessor Corp., and also provides for the proper maintenance and operation of the property leased.

(c) Debenture bonds of any such steam R. R. Corp., incorporated in any of the U. S., guaranteed as to principal and interest, or assumed by another R. R. described in Class I.

(d) Bonds of any such steam R. R. Corp. described in items (b) and (c), which are guaranteed as to principal and interest, or assumed by 2 or more steam R. Rds. of which 1 shall be of Class I, and the others may be of Class III or Class IV.

(e) Mtg. bonds of any such steam R. R. Corp. incorporated in any of the U. S., whose net income is not less than that described in Class III.

(f) Underlying Mtg. bonds of any such steam R. R. Corp. incorporated in any of the U. S., whose net income is not less than that described in Class II.

(g) Mtg. bonds of any such steam R. R. Corp., incorporated in any of the U. S., which are guaranteed as to principal and interest, or assumed, by another steam R. R. whose net income is described in Class I or Class III.

(h) Mtg. bonds of any such steam R. R. Corp., incorporated in any of the U. S., which are guaranteed as to principal and interest, or assumed, by 2 or more steam R. Rds., of which at least 1 shall be of Class I or Class III and the others may be of Class III or Class IV.

(i) Mtg. bonds of any such steam R. R. Corp., incorporated in any of the U. S., which has leased its R. R. to another steam R. R. whose net income is described in Class I or Class III: PROVIDED, that said lease is for a term extending at least 10 yrs. after the maturity of the bonds in question, and that the rent from such lease is sufficient to meet the interest, and sinking fund requirements if any, on said bonds and any prior liens, together with a dividend of not less than 4% on the entire capital stock of the lessor Corp.,



and provides for the proper maintenance and operation of the property leased.

(j) Mtg. bonds of any such steam R. R. Corp., incorporated in the U. S., which has leased its R. R. to 2 or more steam R. Rds., of which at least one shall be of Class I or Class III: PROVIDED, that said lease shall be for a term extending at least 10 yrs. after the maturity of the bonds in question, and that the rent from such lease is sufficient to meet the interest, and sinking fund requirements if any, on said bonds and any prior liens, together with a dividend of not less than 4% on the entire capital stock of the lessor Corp., and provides for the proper maintenance and operation of the property leased.

(k) 1st Mtg. bonds or refunding Mtg. bonds of any such steam R. R. Corp., which would be a legal investment under items (g), (h), (i), and (j), respectively, except for the fact that it owns in fee less than 100 miles of road, exclusive of sidings.

(l) 1st Mtg. bonds of any such steam R. R. Corp., irrespective of mileage, which is a constituent part of a steam R. R. and transportation system of not less than 1,000 miles of road, exclusive of sidings, and at least 90% of the capital stock of which is owned by a proprietary Holding Co. which operates said R. R. and transportation system, and the earnings of which, with the earnings of the other divisions constituting said R. R. and transportation system, are received by said Holding Co., and which bonds in question are fully guaranteed as to principal and interest by such Holding Co., either by direct guarantee, or by rental under lease extending at least 10 yrs. after the maturity of said bonds, the terms of which lease require a payment of rent equivalent to all taxes and interest, and provides a sinking fund sufficient to retire said bonds at maturity: PROVIDED, HOWEVER, that the net income of said Holding Co. shall equal the requirements of R. Rds. in Class I.

(m) Bonds and debentures of any steam

R. R. Corp., whose R. R. property is unincumbered by Mtg., and whose net income is described in Class I: PROVIDED, HOWEVER, that such bonds or debentures shall be issued only under the authority of some state which provides by law that no such R. R. Corp. which has issued bonds shall subsequently execute a Mtg. upon its R. R. property without including in and securing by such Mtg. all bonds previously issued by it and all its pre-existing debts and liabilities, which provision so enacted in such state shall have been accepted by the stockholders of such R. R. Co.

(n) Bonds of any steam R. R. Corp., described in item (m) which has leased its R. R. to another steam R. R. for a term extending not less than 10 yrs. after the maturity of the bonds in question, which lessee R. R. fully guarantees the principal and interest on said bonds: PROVIDED, that said lessee R. R. is one whose net income is at least up to the standard set in Class III; and PROVIDED, FURTHER, that said lease is for a term extending at least 10 yrs. after the maturity of the bonds in question, and that the rent from such lease is sufficient to meet the interest and sinking fund requirements, if any, on said bonds, together with a dividend of not less than 4% per annum on the entire capital stock of the lessor Corp., and provides for the proper maintenance and operation of the property leased.

(o) 1st Mtg. bonds of any Terminal Co., or Terminal Rwy. Co. incorporated in the U. S., whose property is located in the U. S., and whose bonds are guaranteed as to principal and interest by any such steam R. R. Corp. of Class I.

(p) 1st Mtg. Bonds of any Terminal Co., or Terminal Rwy. Co., incorporated in the U. S., whose property is located in the U. S., whose bonds are guaranteed as to principal and interest by 2 or more steam R. R. Corps., of Class I or Class III.

(q) 1st Mtg. bonds of any Terminal Co., or Terminal Rwy. Co., incorporated in the U. S., whose property is located in the U. S.,

of which Co. at least 90% of its capital stock is owned by 2 or more proprietary steam R. Rds. of Classes I, III, or IV, and which use said property, and jointly, or jointly and severally, guarantee the principal and interest of all the debt of said Co.

(r) 1st Mtg. bonds of any Terminal Co., or Terminal Rwy. Co., inc. in the U. S., whose property is located in the U. S., which has leased its property to 1 or more steam R. R. Corps., which guarantee the principal and interest on said bonds, and which lease runs for a term extending at least 10 yrs. after the maturity of said bonds, and which lease provides for the maintenance and operation of the leased property: PROVIDED, that, if such lease is to 1 steam R. R. Corp., it shall be of Class I, and if such lease is to 2 steam R. R. Corps., they may be of Classes I, or III; and if such lease is to 3 or more steam R. R. Corps., they may be of Classes I, III or IV.

(s) 1st Mtg. bridge bonds issued by any R. R. Corp. of Class I.

(t) 1st Mtg. bonds of any Bridge Co., incorporated in the U. S., whose property is in the U. S., whose entire debt is guaranteed as to principal and interest by 1 or more steam R. R. Corps.: PROVIDED, that, if such guarantee is by one such R. R. Corp., it shall be of Class I, and if such guarantee is by 2 or more R. R. Corps. they may be Classes I, III, or IV.

(u) 1st Mtg. bonds of any Bridge Co., incorporated in the U. S., whose property is in the U. S. and whose capital stock is entirely owned, except shares qualifying directors, by 2 or more proprietary steam R. R. Corps. of Classes I, III, or IV, which guarantee the maintenance of the property and the principal and interest of such bonds.

(v) Equipment bonds, or equipment notes, issued by any steam R. R. Corp. of Class I, Class III, or Class IV, which are secured by a 1st lien on the equipment against the purchase of which said bonds or notes were issued at not exceeding 80% of the purchase

price thereof: PROVIDED, that the indenture under which said lien is established contains adequate requirements for the maintenance of the property pledged, and provides that an equal amount of any issue of such bonds, or notes, shall be paid annually until all are retired without the release of the lien on any of such equipment.

(w) Notes, warrants, and obligations, running for a term of not more than 5 years from date of issue, given by any steam R. R. Corp., which has earned and paid dividends at the rate of not less than 4% per annum on all its outstanding capital stock for 5 yrs. next prior to the date of issue.

(x) Certificates of indebtedness commonly termed "receivers' certificates," issued by a receiver of any such steam R. R. under an authorization of the court or courts having jurisdiction over such receiver.

(y) 1st Mtg. bonds and refunding Mtg. bonds of any steam R. R., incorporated, and whose property is principally located in the Dom. of Canada, which conform in all respects to the provisions applying to Mtg. bonds of steam R. R. Corps. in the U. S.

Clause III. The change of motive power by any steam R. R. Corp., whether wholly or in part, shall not affect the eligibility, for such investment, of any of the steam R. R. obligations hereinbefore described, so long as its earnings conform with the foregoing requirements.

Clause IV. (a) In the shares of the capital stock of any steam R. R. which has leased its R. R. to another steam R. R., which operates the property so leased as a part of its R. R. system: PROVIDED, that such lease is for a term of not less than 50 yrs., and the lessee Co. is one whose bonds would be a legal investment under the provisions of Clause II, Class III, and that by the terms of the lease, the lessee Co. is obliged to pay rents sufficient to pay the interest on the outstanding bonds of the lessor, and a dividend at an annual rate of not less than



4% per annum on all the capital stock of the lessor Co.

(b) In the shares of the capital stock of any steam R. R. which operates its own R. R., whose bonds would be an eligible investment under Clause II, Class I: PROVIDED, that such R. R. has paid regular annual dividends on all its capital stock, at the rate of not less than 4% per annum for 10 yrs. next preceding such investment.

(c) The aggregate investment of such deposits and income by any bank, Sav. Bk. or Tr. Co. in the stock of any one such steam R. R. Corp. at par value shall not exceed 2% of said deposits held by it.

Clause V. In the bonds of public service Corps., commonly called "public service securities" described hereinbelow in the "table of eligible public service securities," subsections (a) to (j), inclusive, subject to the following description and definition:

The title "public service securities" shall include only Mtg. bonds issued by any **Electric R. R., Street Rwy.,** Gas Co., Electric Light or Power Co., or Water Co., as hereinafter described.

The term "funded indebtedness" herein used shall include all bonds and notes bearing interest.

Such Corp. shall own the major part of its property in fee.

The property of such Corp. shall be located principally in the U. S., unless otherwise provided.

The net income of such Corp. shall be its net earnings and income after payment of all operating expenses, maintenance charges, rentals and taxes, and all guaranteed interest and guaranteed dividends paid by, or due from, it.

Such Corp. must have earned and received, a net income in each of its 3 fiscal yrs., or 3 nearer periods of 1 yr., next preceding such investment, not less than twice the annual interest for the \*current year on all its

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\* "Current year" means year now passing.

debt secured by the Mtg. under which the bonds in question are issued and all prior liens, unless otherwise hereinafter specified, and shall not have defaulted on any of its obligations during the same period: PROVIDED, HOWEVER, that said bonds shall mature at least 5 yrs. before the expiration of the principal franchise or franchises under which such Corp. is operated, or there shall exist some definite agreement or contract with the grantors whereby such franchise or franchises may be renewed or extended from time to time throughout and beyond the life of the bonds in question, and or that by such an agreement or contract the security of said bonds is adequately protected and preserved to the bondholders, and a copy of such agreement or contract shall be filed in the office of the Bk. Com. and shall be preserved in his files during the life of the bonds in question.

(a) Mtg. bonds of any such **Electric R. R., Street Rwy., Gas, Electric Light or Power Co.**, incorporated under the laws of R. I., whose property is located and operated chiefly in this state.

(b) Mtg. bonds of any such **Electric R. R., Street Rwy., Gas, and Electric Light or Power Co.**, incorporated under the laws of any of the U. S.: PROVIDED, HOWEVER, that the said bonds of any such **Electric R. R. or Street R. R. Co.** shall be a legal investment for such deposits and income only in case such Co. shall have received average gross earnings of not less than \$400,000 in each of its 3 fiscal yrs., or 3 nearer periods of 1 yr. next preceding such investment, and if said bonds are issued by a Co. which carries on the business of an **Electric R. R. or St. Rwy.** combined with that of either a **Gas Co. or an Electric Light or Power Co.**, or both of such kinds of business, then, in such case, such Co. shall have received average gross earnings of not less than \$600,000 in each of its 3 fiscal yrs., or 3 nearer periods of 1 yr., next preceding such investment; and if said bonds are issued by any such **Gas Co., or Electric Light or Power Co.**, or by a Co. which combines the

business of a Gas Co., and an Electric Light Co., and, or Power Co., or any 2 such businesses, then, in such case, it shall have received average gross earnings of not less than \$200,000, in each of its 3 fiscal yrs., or 3 nearer periods of 1 yr., next preceding such investment.

(c) 1st or refunding Mtg. bonds of any such **Electric R. R., St. Rwy., Gas, Electric Light or Power Co., inc.** in any of the U. S., which are guaranteed as to principal and interest or assumed by another Corp. whose bonds would be a legal investment under the provisions of paragraph (b) of this clause.

(d) 1st or refunding Mtg. bonds of any such **Electric R. R., or St. Rwy.,** incorporated in any of the U. S., which are guaranteed as to principal and interest, or assumed, by a Steam R. R. or R. Rds. whose bonds would be a legal investment under the provisions of Class III of the classification of Steam R. Rds. herein

(e) 1st or refunding Mtg. bonds of any such **Electric R. R., St. Rwy., Gas, Electric Light or Power Co.,** which has leased its property to any other Corp. whose bonds would be a legal investment under the provisions of paragraph (b) of this clause: PROVIDED, HOWEVER, that said lease shall extend for a term of at least 10 years after the maturity of said bonds, at a rental at least equal to the fixed charges and taxes of the lessor, including the interest on, and a sinking fund for the bonds in question, or provides for the payment of said bonds at maturity and shall require the operation and maintenance of the leased property; and PROVIDED, FURTHER, that an authentic copy of such lease shall be filed in the office of the Bank Com. and such copy shall be preserved in his files during the life of the bonds in question.

(f) Equipment bonds, or equipment notes, issued by any such **Electric R. R. or St. Rwy.,** which are secured by a 1st lien on the equipment against the purchase of which said bonds or notes were issued at not exceeding 80% of the purchase price thereof: PROVIDED, the indenture under which said lien is estab-

lished contains adequate requirements for the maintenance of the property pledged, and provides that an equal amount of such bonds or notes shall be paid annually until all are retired, without the release of the lien on any of such equipment.

(g) Certificates of indebtedness, commonly termed "receiver's certificates" issued by a receiver of any such Electric R. R., St. Rwy., Gas, Electric Light or Power Co. under an authorization of the court or courts having jurisdiction over such receiver.

(h) 1st Mtg. bonds of any Electric R. R. St. Rwy., Gas, Electric Light or Power Co., described in paragraph (b) of this clause, which is incorporated in the Dom. of Canada, and whose property is located principally in said Dominion: PROVIDED, that such bonds conform in all other respects to the provisions of paragraph (b), (c), (d), (e), or (f) of this clause.

(i) Bonds of any Corp. which owns more than 90% of the capital stock and of the outstanding bonds of any Electric R. R. or St. Rwy. Co., incorporated in this state, the Rwy. of which is located wholly or in part therein, secured by the deposit in trust of the said stock and bonds as collateral, and which Corp. has paid, in each fiscal yr. for the 5 yrs. last preceding such investment, dividends of not less than 4% per annum upon all its outstanding capital stock; or the bonds of any such Electric R. R. or St. Rwy. Co. which are secured by Mtg. on its property and are guaranteed as to principal and interest by any such Corp.

(j) 1st Mtg. bonds of any Co., incorporated in this state for the purpose of supplying water for domestic and other purposes: PROVIDED, that such Co. has an exclusive franchise to serve a population of not less than 10,000 in this state, which franchise extends at least 5 yrs. beyond the life of the bonds in question, and that said bonds are secured by a Mtg. of the property, rights, and franchises of such Co.

Clause VI. In the bonds of any Telephone



Co. incorporated in any of the U. S., whose property is located chiefly in the U. S. PROVIDED, that such Telephone Co. has met the following requirements during each of its 5 fiscal yrs. next preceding such investment, viz.:

(a) That the average gross income of such Telephone Co. shall have been not less than \$10,000,000 per annum.

(b) That such Telephone Co. shall have paid the matured principal and interest of all its debt.

(c) That such Telephone Co. shall have earned and paid cash dividends on all its outstanding issues of stock at the rate of not less than 6% per annum, and that the amount of such cash dividends shall have exceeded the sum required to pay the interest upon its entire outstanding debt, including the bond issue in question.

And, FURTHER PROVIDED, that such bonds shall be secured either:

(1) By a 1st Mtg. covering at least 75% of the property of such Co., including its franchises and other similar rights and privileges, and limiting the amount of the bonds issuable thereunder to 75% of the value of the property mortgaged, excluding any valuation of said franchises, rights and privileges, or

(2) By the deposit with a Tr. Co. of bonds and shares of stock of other Telephone Corps., under an indenture of trust which limits the amount of bonds so secured to 75% of the value of the securities deposited as stated and determined in said indenture, and provided that during each of the 5 years next preceding such investment the annual interest and dividends paid in cash on the securities deposited have amounted to not less than 50% in excess of the annual interest on the bonds outstanding and secured by said deposit.

A true copy of the Mtg. or indenture of trust securing said bonds shall be filed in the office of the Bk. Com. and shall be preserved during the life of said bonds.

The aggregate investment of such deposits and income by any Bk., Sav. Bk. or Tr. Co.

in the bonds of any one such Telephone Co. at par value shall not exceed 2% of said deposits held by it.

Clause VII. In the capital stock of any Bk. or Tr. Co. incorporated under the laws of any of the New Eng. States, or the state of N. Y., or of any national banking association, doing business in said states; but such Corp. shall not hold, both by investment and as security for loans, an aggregate of more than 25% of such deposits in the stocks of such Corps. at par value, nor more than 3% of such deposits in the stock of any one such Corp. at par value, nor shall such Corp. hold, both by investment and as security for loans, more than  $\frac{1}{4}$ th of the capital stock of any one such Bk., Tr. Co., or national banking association.

Clause VIII. Not more than 5% of such deposits shall be on deposit in any one Bk., Tr. Co. or National Bk., and such deposit shall not exceed 25% of the capital stock and surplus of such depository, and if any part of such deposits are deposited in any Bk. or Tr. Co. out of this state such depository must be eligible to act as a reserve agent as defined in Chapter 236, Sec. 3, of Gen. Laws, entitled "of reserve."

Clause IX. In loans secured by 1st Mtg. on real estate subject to the following restrictions:

No such loan shall be made except upon the report of not less than 2 officers, or trustees, or directors, or agents duly authorized to the duty by the board of trustees or directors, who shall certify according to their best judgment to the value of the premises to be mortgaged. Such report and certificate shall be in writing, and shall be filed and preserved in the records of the Corp.

Loans on improved real estate shall not exceed 60% of such valuation.

Loans on unimproved real estate shall not exceed 40% of such valuation.

The aggregate amount of such loans shall not exceed 70% of such deposits, and of this

authorized amount, not exceeding 30% thereof shall be on real estate located out of R. I.

In event of any such mortgage loan continuing for 5 yrs. unreduced in amount, the property upon which such loan is secured, shall be re-examined and revalued, and a written report and certificate of the condition and value of the property at the time of such re-examination, shall be filed and preserved in the records of the Corp. after the manner provided for a new loan, and such an examination and revaluation shall be made as often as every 5th year, until such loan is paid. If at the time of any such revaluation it shall appear that the property mortgaged has depreciated in value so that the loan secured thereby is in excess of the percentage limit of such value herein permitted for such loans, a reduction in the amount of the loan shall be required and secured as promptly as is practicable until the margin of safety is restored.

Clause X. (a) In the note or notes of an individual, copartnership, or Corp., with a pledge of any of the securities described in Clause I, Clause II, Clause IV, Clause V, or Clause VI, or Clause VII, of this chapter, the market value of which securities shall be at least 20% in excess of the amount secured, which margin must always be maintained.

(b) In the note or notes of an individual, copartnership, or Corp., secured by the pledge as collateral of shares of the capital stock of any Steam R. R. Co. or Co's incorporated in any of the U. S., or the Dom. of Can., whose road is located wholly or in part in said countries, and which is in possession of and is operating its own road, and has earned and paid regular dividends of not less than 4% per annum in each fiscal yr. on all its issues of capital stock, for 5 yrs. last preceding such investment, which shares are listed either on the N. Y., Boston, Phil., or Chicago stock exchange, and the market value of which collateral shall be at least 20% in excess of the amount secured, which margin must always be maintained; such note or notes to be paid

or renewed within 1 yr from the date thereof.

(c) In the note or notes of any individual, copartnership, or Corp., secured by pledge, as collateral, of the capital stock of any national banking association, or of any Bk. or Tr. Co., incorporated under the laws of the state in which it is located, other than the New Eng. States or the state of N. Y., which banking association, Bk. or Tr. Co. is a member of the clearing house of any city of the U. S. which has a population of more than 200,000 inhabitants, as ascertained by the last national or state census preceding such investment, which securities shall have a fair market value of at least 25% in excess of such note or notes so secured, which margin shall always be maintained, and in no case shall an aggregate of more than 10% of such deposits be loaned on such Bk. and Tr. Co. stocks, nor more than 2% of such deposits on the stock of any 1 such Bk or Tr. Co.

(d) In loans to any depositor in such Corp. upon the personal note of such depositor to an amount not exceeding 90% of any such deposit: PROVIDED, that the deposit and deposit book of any such depositor, with a properly executed assignment thereof, shall be held by such Corp. as security for such loan.

Clause XI. If such deposits and income cannot be satisfactorily invested in the modes provided in Clauses I to X, inclusive, an amount not exceeding  $\frac{1}{3}$ d part of such deposits may be invested in promissory notes or other personal securities, payable and to be paid within 1 year from the date thereof, with at least one responsible surety or secured by collateral with a market value of at least 20% in excess of the amount loaned thereon, excepting that the margin required in the case of certain Bk. and Tr. Co. stocks, provided for in sub-section (c) of Clause X, shall be observed, which margin must always be maintained:—or, not exceeding  $\frac{1}{3}$ d of said  $\frac{1}{3}$ d part of such deposits may be loaned on single name promissory notes of solvent individuals, firms, or Corps., engaged in mercantile and manufacturing business,



that make sworn statements of their condition, duly ascertained and certified to by a certified public accountant, and a true copy of such statement and certificate shall be held by the Bk., Sav. Bk. or Tr. Co. making such loans of savings or participation deposits: PROVIDED, HOWEVER, that such single name paper shall read for a term of not exceeding 6 mos., and that all such investments shall be duly approved by at least 2 of the trustees or directors of the Bk., Sav. Bk., or Tr. Co. so investing the savings or participation deposits held by it; — and it is FURTHER PROVIDED, that no Sav. Bk. shall loan an amount in excess of 2% of its deposits to any individual, firm, association or Corp., including in the liabilities of a partnership or association the liabilities of the several members thereof, either direct or as endorser, and including in the liabilities of an individual his or her liabilities to such Sav. Bk. as endorser or surety.

Clause XII. In the note or notes of a Gas, Water, Electric Light or Power, Telephone, Electric R. R., or St. Rwy. Co., incorporated, or doing business in this state, which has paid dividends of at least 4% in each fiscal year upon all its issues of capital stock, for 5 yrs. next preceding the date of such investment: PROVIDED, the principal of said note or notes matures at a time not exceeding 3 yrs. from the date of investment therein; and PROVIDED, FURTHER, that said note or notes shall mature at least 5 years before the expiration of the principal franchise or franchises under which said Gas, Electric Light or Power, Telephone, Electric R. R., or St. Rwy. Co. are operated; and PROVIDED, FURTHER, that the aggregate amount so invested by any Bk., Sav. Bk. or Tr. Co. in the note or notes of any such Corp., together with the bonds and other securities of such Corp. held, shall not exceed 2% of said deposits held by it.

Clause XIII. (a) Such Corp. may hold real estate acquired by the foreclosure of a Mtg. owned by it, or by purchase at sales made under the provisions of such Mtg. or upon judgments for debts due to it, or in set-

tlements effected to secure debts. All such real estate shall be sold by the Corp. within 5 yrs. after the title thereof is vested in it: PROVIDED, that the Corp. may have 5 yrs. from May 26, 1908, in which to dispose of any real estate previously acquired, but the Bank Com., upon the written petition of such Corp., and for cause, may grant additional time for the sale of the same.

(b) Such Corp. may invest in real estate suitable for the convenient transaction of its business.

Clause XIV. Such Corp. may hold stocks, bonds, or other securities of non-legal character acquired in settlements and reorganizations effected to reduce or avoid losses on defaulted loans and investments, but, the non-legal securities so obtained shall be sold within 5 yrs. after being acquired; unless the time is extended as provided in preceding Clause XIII. Such securities as were so acquired before May 26, 1908, shall be sold within 5 yrs. from that date, unless the time is extended as provided in the preceding Clause XIII.

Clause XV\*. (a) Securities acquired after the passage of this act, which were legal investments when acquired, need not be disposed of if it happens afterwards that the net income of the Corp. issuing such securities shall fall below the limit fixed by this act, or, in the case of a city, county, town, or Dist., if the debt limit is exceeded, unless, in the judgment of the Com., it is hazardous to retain the same, in which case said Com. may give directions in writing, requiring the disposal of such securities; and when such directions are given, such securities shall be disposed of within 1 yr. from the date of such notice, unless an extension of time is granted by said Com.

(b) \*Bonds which are legal investments under the foregoing provisions of this chapter and are secured by a Mtg. which provides for payments to a sinking fund shall cease to be

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\* Applies also to Railroads and Street Railways

legal investments if the Corp. issuing such bonds shall at any time fail to make such payments. And such bonds shall not be legal investments under the provisions of this section so long as any such payment is in arrears and unpaid.

(c) \*If a Corp. is formed by a consolidation or merger of 2 or more Corps., and it is desired to ascertain the legality of the bonds of the successor Corp. for investment of savs. deposits, the earnings and income of the several predecessor and constituent Corps. shall be consolidated, and the aggregate corporate income so ascertained shall be regarded as that of one and the same continuous Corp. represented by the successor Corp.; or, if a Corp. shall acquire by purchase the property and franchises of another Corp., and a bond issue is made for the financing of the transaction, the legality of the bonds so issued with the other bonds of the purchasing Corp. shall be ascertained by the same process as in the case of a consolidation or merger above provided, subject to the rules applying to the several classes of Corps. described under the preceding Clauses of this Chap.

(d) \*If the net earnings and income of any Corp. whose bonds have been a legal investment under the provisions of this Chap. shall fall somewhat below the requirements of this Chap. for a period of not exceeding 2 successive fiscal yrs., and in the following yr. such earnings and income shall be restored to the required amount, said Corp., after such restoration of income, shall be regarded as having complied with said requirements during said period, but during the period of failure to earn the required amount no investment shall be made in the bonds of a Corp. so situated.

(e) \*Serial maturities of bonds shall be considered equivalent to sinking fund provisions.

Clause XVI. (a) Every Bk. or Tr. Co. which maintains a savings or participation

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\* Applies also to Railroads and Street Railways



Dept., or solicits or receives deposits as savings or on participation, shall invest all deposits therein, or so received, according to the requirements of this Chap., and such deposits, invested or uninvested, shall be set apart for the exclusive protection of the deposits in said savings or participation Dept., and shall not be liable for, or be used to pay, any other obligation or liability of such Bk. or Tr. Co. until after the payment of all the deposits in said savings or participation Dept.

(b) The foregoing provision as to the character of the investment of savings or participation deposits shall not render illegal any investments of such deposits made prior to May 26, 1908, nor compel the change of such investments for those prescribed by this Chap., except as hereinafter provided.

(c) If any Bk. or Tr. Co. shall continue to hold such investments of non-legal character made prior to May 26, 1908, which, in the opinion of the Bk. Com. are hazardous and unsafe for the investment of savings deposits, said Com. may, by giving notice in writing, require such Bk. or Tr. Co. to dispose of such investments, or substitute other investments of a character in conformity with the requirements of this Chap. within 1 yr. from the date of receipt of such notice, and said Bk. or Tr. Co. shall make such disposal or substitution in accordance with such requirement; but, if it shall appear on written request of such Bk. or Tr. Co. that additional time is reasonably necessary in which to make such disposal or substitution in order to avoid unnecessary sacrifice, said commissioner may grant a reasonable extension of time for the compliance herewith.

(d) If any investment of the savings or participation Dept. of any Bk. or Tr. Co., which has been set apart as provided in (a) of this Clause, shall be in default in payment of either principal or interest, such investment shall promptly be reduced in its book value approximately to the market value of the same.

(e) The uninvested funds of the savings



or participation Dept. of any such Bk. or Tr. Co. shall be kept in a distinct deposit account or accounts, or demand certificates of deposit, in such manner that the same can be readily identified as clearly belonging to the segregated assets of such savings or participation deposits.

(g) The Bk. Com. in requiring the substitution of investments under the provisions of (c) of this Clause, shall not require changes or substitutions aggregating in any 1 yr. more than 2% of the savings or participation deposits of any such Tr. Co. at the time of the passage of this act.

Clause XVII. (a) The provisions of this chapter shall not render illegal any investments held by any Sav. Bk. prior to May 26, 1908, nor require the change of any such investment for those herein prescribed for the investment of savings deposits; PROVIDED, HOWEVER, if any Sav. Bk. shall hold any such investment or investments which are in default in the payment of interest or dividends thereon, or which, at any time, in the opinion of the Bk. Com., are hazardous or unsafe for the investment of savings deposits, the Bk. Com. may by notice in writing require such Sav. Bk. to dispose of such investments; and such Sav. Bk. within 1 yr. from the receipt of such notice, unless such time shall be extended by the Com., shall dispose of the same: PROVIDED FURTHER, said Com. shall not require the disposal of investments aggregating in value in any 1 yr. more than 2% of the amount of the deposits of such Sav. Bk.

Clause XVIII. If any bonds held by any Sav. Bk. shall be in default either in principal or interest, such investment shall promptly be reduced in its book value approximately to the market value of the same.

Clause XIX. No president, treasurer, member of the board of investment by whatever name entitled, or officer of any Sav. Bk., charged with the duty of investing its funds, shall borrow or use any portion of such funds, or be surety for loans to others, or

be obligor for money borrowed of the Corp., either directly or as trustee for others, and if any such officer or member violates this provision his office shall become vacant forthwith; excepting, however, if any such member or officer shall in good faith, and subsequent to May 26, 1908, have become the owner of real estate on which a Mtg. had, 1 yr. or more before the transaction, been taken by the Corp. in regular course of its business, shall not be regarded as violating this provision, if within 6 mos. after the acquisition of such real estate he shall cause said Mtg. to be discharged or transferred elsewhere, but the continuance of such a situation beyond the 6 mos. permitted shall make such officer or member ineligible and his office or membership shall thereupon become vacant; PROVIDED, HOWEVER, that this clause shall not be so construed as to prevent the deposit, and the withdrawal of money against such deposit in Sav. Bks., banks and Tr. Co's, by any such officer or trustee.

Clause XX. Every investment of the deposits and income received and held by Sav. Bks. or the savings or participation Dept. of Bks. and Tr. Co's. made after the passage of this act, if bought below par, shall be entered on the books and returns of the Corp. holding the same at the actual cost price thereof, and the discounts in the price thereof, may, by an equal annual amortization, be extinguished so as to gradually bring the book value thereof to par at maturity.

### TRUST COMPANIES.

#### CHAP. 231, GEN. LAWS, 1909.

SEC. 7. Every Tr. Co. shall be required to deposit with the general treasurer of this state, in bonds of this state or of the state of N. Y., or of some of the New Eng. states or of the U. S., or in the bonds, notes, or other financial obligations of any town or city in this state, or in any securities of the classes in which the Bd. of Com. of sinking

funds of this state are authorized to invest the moneys received by them, or in 1st Mtg's. on improved real estate in this state of the class required for Sav. Bk. investments, an amount that shall be at all times equal in value to 20% of the entire capital stock of said Corps., which bonds shall be held by said treasurer as an additional security for the faithful performance by said Corp. of its duties as trustee, executor, custodian, conservator, guardian, assignee, or receiver, and also as an additional security for the repayment of moneys deposited with said Corp. by executors, administrators, custodians, conservators, guardians, assignees, or receivers, or trustees on special agreement, \* \* \* PROVIDED, HOWEVER, that whenever such deposit or any part thereof shall consist of Mtg's on real estate, the company so depositing the same shall execute an assignment thereof and of the debts secured thereby in favor of the general treasurer of the state, in trust, for the uses and purposes herein mentioned: PROVIDED, that all Tr. Co's. Inc. before the 26th day of May, 1908, and which shall have organized under their charters and be doing business before said date, which by the express provisions of their charters were required to deposit bonds with the general treasurer of this state only whenever after their incorporation they should receive and assume to execute certain trusts specified in their charters, shall not be subject to the provisions of their respective charters in this behalf for 5 yrs. next after said date; and no such Co. shall accept or assume to perform any of the trust duties mentioned in this section or receive any deposits from any of the trustees herein mentioned until such deposit shall have been made.

SEC. 8. \* \* \* and shall also permit said Corp. to retire any securities so deposited, on substituting therefor other securities of any or either of the classes mentioned above, to such an amount that the market value of the whole deposit shall not be less than the

amount required by the provisions of the preceding section.

CHAP. 237, GEN. LAWS, 1909.

SEC. 1. No Bk. or Tr. Co. shall make any loan or advance to an amount in excess of 20% of the capital, surplus, and undivided profits of the Bk. or Tr. Co. making such loan, the repayment of which is undertaken in whole or in part severally, but not jointly, by 2 or more individuals, corporations, firms, or other parties.

SEC. 2. No Bk. or Tr. Co. shall make any loan or advance where such Bk. or Tr. Co. is liable directly, indirectly, or contingently for the repayment of such loan or advance in whole or in part.

SEC. 3. The total liabilities to any Bk. or Tr. Co. of any person or of any Corp. or firm for money borrowed, including in the liabilities of a firm the liabilities of the several members thereof, shall at no time exceed 1-10th part of the amount of the capital stock of such Bk. or Tr. Co., actually paid in and unimpaired, and 1-10th part of its unimpaired surplus fund: PROVIDED, HOWEVER, that the total of such liabilities shall in no event exceed 30% of the capital stock of said Bk. or Tr. Co. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed.

SEC. 4. No Bk. or Tr. Co. shall make any loan to its president, its vice-president, its cashier, or to any of its directors or any of its clerks, tellers, bookkeepers, agents, servants, or other persons in its employ, until the proposition to make such a loan, stating the amount, terms, and security, if any, offered therefor, shall have been submitted in writing, by the person desiring the same, to a meeting of the board of directors of such Bk. or of the executive or finance committee of such board, if any, and accepted and



approved by the vote of a majority of those present constituting a quorum, \* \* \*

SEC. 6. No Bk. or Tr. Co. shall make a loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith: PROVIDED, HOWEVER, that whenever a bank shall make a valid loan or discount in good faith upon the general credit of specific security or collateral of a shareholder, other than the shares in such bank, nothing in this section contained shall be construed to abridge or modify any of the provisions of the charter or by-laws of such bank, as affecting such transaction, giving it a lien upon, or any other right or remedy relating to or affecting, the stock of such shareholder. All stock so purchased or acquired by the bank in good faith as aforesaid shall, within 1 yr. after its purchase, be sold or disposed of at public or private sale.

SEC. 26. No Bk. shall be liable to a depositor, or to the drawer of a bill of exchange upon the Bk., for an amount charged to or collected from him on account of the payment by such Bk. or Tr. Co. of a negotiable instrument upon which the signature of any party is forged, or which is made, drawn, accepted or endorsed without authority, or which is materially altered, or the amount of which is raised; unless within one Yr. after the return of such negotiable instrument to such depositor or drawer, he shall notify the Bk. in writing that, as the case may be, the signature of a party to the instrument is forged, or that the instrument was made, drawn, accepted or endorsed without authority, or that it has been materially altered, or that the amount has been raised.

See Chap. 237, and Clause XVI, Chap 687, under Sav. Bks.

#### STATE BANKS.

See Chap. 237 and Clause XVI, Chap. 687, under Savings Banks and Chap. 237 under Trust Companies.

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Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## TENNESSEE.

### SAVINGS AND DISCOUNT BANKS.

§2054. (3) Powers. To purchase and hold, or receive by gift, in addition to the personal property owned by said Corp., any real estate necessary for the transaction of the corporate business, and also to purchase or accept any real estate in payment or part payment of any debt due to the Corp., and sell realty for Corp. purposes (1875, ch. 142, §5.)

§2084. . . . It may deal in exchange, gold, silver and bullion, buy and discount notes and bills of exchange, and do and perform all acts usually done and performed by banking institutions. . . . (1875, ch. 142, §17.)

§2085. The said Corp. . . . shall invest all moneys (deposits) so received in discounted paper, **public stocks** or other securities, at the discretion of the directors, and in a manner deemed most beneficial for the interest of the depositors, so that the investment be pursuant to the by-laws. . . . (Ib.)

See also General Provisions.

### BANKS AND TRUST COMPANIES

[Banks if they choose may be authorized to couple with the ordinary business of banking a Safe Dep. and Tr. Co.]

§2091. Powers. (3) To purchase and hold real estate necessary for the transaction of corporate business, and also to purchase and accept any real estate in payment or in part payment of any debt due to the Corp., and to sell realty for Corp. purposes. (1883, c. 168, §1.)

§2097. This Corp. shall be invested with the right and power . . . to discount promissory notes, bill of exchange, or other evidence of debt, buy and sell the same, deal in gold, silver, bullion, bonds, stocks or other securities generally, advance money on a pledge or mortgage of real or personal estate, and sell the same, and have and possess all other rights which appertain to a banking institution. (Ib.)



AN ACT to provide for the investment of the estates of minors in the hands of guardians, and to allow guardians the cost of security given by them.

SEC. 1. *Be it enacted by the General Assembly of the State of Tenn.,* That in addition to the kind and character of securities in which guardians are now permitted by law to invest the funds of their wards, guardians are authorized and empowered to invest such funds in the following securities, namely:

1. In the bonds of counties, cities, towns or levee districts; *Provided*, that at the time such investment is made, the interest is being regularly paid on said bonds.

2. In the stock of good and solvent Tr. Cos., having a surplus, and paying regular annual dividends of not less than 6%.

Acts of 1901, Ch. 146, 1901, Apr. 18.

See also General Provisions.

#### STATE BANKS.

SEC. 5. *Be it further enacted*, That all funds held by such Bks. in any of the fiduciary capacities hereinbefore in this Act mentioned, which as such it has under existing laws, power, authority or direction to invest, may, unless otherwise required by the principal, or by the court, or by the person creating the trust, agency or other fiduciary capacity, buy U. S. bonds or State bonds of the state of Tenn., or 1st Mtg. bonds of any R. R. Co., or bonds of any county or municipal Corp., *provided*, that such bonds shall at the time of investment be at par or above par value in the market where such bonds are usually listed and sold, and have regularly paid a dividend of not less than 4% per annum for the last 5 years next preceding such investment, or in the 1st Mtgs. on real estate, provided that no sum shall be loaned on any Mtg. for more than 50% of the appraised value of the property mortgaged, nor for a longer period than 10 years. . . .

See also General Provisions

#### GENERAL PROVISIONS.

§3226. Real estate . . . and no bank shall hold or own more real estate than is neces-

sary to carry on its banking business; *provided, however*, it may receive Mtgs. and assignments for debts previously contracted; and purchase in real estate thus mortgaged or assigned; and purchase in lands sold at execution sales under judgments in its favor, or redeem lands subject to redemption in order to secure its bad or doubtful debts; but it shall not hold the same for a longer period than 5 years. (1859-60, ch. 27, §5.)

§3235. No Bk. shall buy in, hold or cancel its own stock; but may receive it in payment of bad and doubtful debts, or for the purchase of real estate, and in such case the stock shall be conveyed to a third party, in trust, to be sold by him for the benefit of such Bk. (Ib., §17.)

§2040. Any Co. incorporated under the laws of this State having, by its charter, the right to receive moneys in trust or otherwise, shall be held to have, and shall have, the power to receive deposits and loan the same and its capital on any kind of a commercial or business paper or real estate, buy and sell exchange, and all kinds of **public** or private securities and commercial paper. (1887, ch. 190.)

A GENERAL ACT relating to Banks and Banking, to take effect Jan. 1, 1914 (1913 Sess. Leg.)

SEC. 44. The term or word "bank," or "banks," or "banker," as used in this Act, shall signify, mean, cover and include every Tr. Co., Loan Co., Mtg. Security Co., Safe Dep. Co., receiving money on deposit, and every Individual, Firm, Corp., Asso. or Co. doing a banking, loan or discount business and receiving money on deposit and performing functions of a Bk.

SEC. 19. No Bk., firm, person, or Corp. doing a banking business shall reduce, or be allowed to reduce the cash of the Bk. on hand below 10% of demand deposits, provided that (said) reserve may consist of the balance due by Bks. and bankers to said Bk. when payable on demand.

Whenever the money reserve shall fall below the amount above required, such Bk. shall not increase its liabilities by making any new

loans or discounts, otherwise than by discounting or purchasing bills of exchange payable at sight. . . .

SEC. 20. No Bk., person, firm, or Corp. doing a banking business shall lend money to any salaried officer or agent, or employee of the Bk., nor to any firm or Corp. in which such salaried officer, agent or employee of the Bk. owns an interest, without the loan being submitted to and approved by the board of directors of the Bk. (where the Bk. is a Corp.), and by all of the officers of the Bk. where the Bk. is not a Corp., provided, however, if the board of directors of a Corp. has delegated the power to pass on loans to an Executive or Financial Com., the approval of such loan by such Com. may be made in lieu of the approval of the board of directors.

SEC. 21. No Bk., person, firm, or Corp. doing a banking business shall be allowed to lend any one person, firm, or Corp. (including in loans to a firm, loans to several members thereof) more than 15% of its capital, surplus and undivided profits; *Provided, however,* a loan in excess of 15% of capital, surplus, and undivided profits, may be made if the loan be approved by a majority of the Executive or Financial Com., in case of an incorporated Bk., or by all its officers, if not an incorporated Bk.

No Bk., person, firm, or Corp. doing a banking business shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith, and stock so purchased or acquired shall, within 6 months from the time of its purchase, be sold or disposed of at public or private sale.

SEC. 35. Any director of an incorporated Bk. who concurs in any vote, or act, of the directors of such Bk. by which it is intended. . .

(3) To discount or receive any note or other evidence of debt in payment of capital stock required to be paid, or with intention to provide the means of making such payment; or  
(4) To receive or discount any note or other evidence of debt, with the intent to enable any

stockholder to withdraw any part of the money paid in by him on his stock; or (5) To apply any portion of the funds of such Corp. except as allowed by law, directly or indirectly, to the purchase of shares of its own stock, is guilty of a misdemeanor. . . .

SEC. 37. Any officer or employee of an incorporated Bk. who intentionally conceals from the directors of such Corp. or committee of such Corp., where the directors have delegated authority to a committee, to pass on loans and discounts, any discount or loan made for and in behalf of the Corp. between the regular meetings of its board of directors or committee, or the purchase of any security, or the sale of any of its securities during the same period, is guilty of a misdemeanor. . . .

SEC. 38. Any individual banker, or officer, or employee of an incorporated Bk., or of a firm or individual banker, who, wilfully and knowingly and without authority from the board of directors or governing body of such Bk., or 2 or more of the active managing officers of such Bk., overdraws his accounts with such Bk. and thereby obtains money or funds of any such Bk., or asks, or receives, or consents, or agrees to receive any commission, emolument, gratuity or reward, or any promise of any commission, emolument or reward, property, or thing of value or of personal advantage in procuring or endeavoring to procure for any person, firm or Corp., any loan from or the purchase or discount of any paper, note, draft, check, or bill of exchange, by any such Bk., is guilty of a misdemeanor. . . .

SEC. 39. It shall be unlawful for the Supt. of Bks., or any examiner appointed by him to make application to any Bk., subject to his examination or control, under the provisions of this Act, for any loan, or discount of commercial paper belonging to him, or for any other person, firm or Corp. . . .

SEC. 45. All laws in conflict with the provisions of this Act are hereby repealed.





Municipal Law in *red*.  
Railroad Law in *green*.

Street Railway Law in  
*brown*.  
Other matter in *black*.

## TEXAS.

## STATE BANKS OF DEPOSIT AND DISCOUNT.

Sec. 3, Ch. 10, Acts 29th Leg. Every such Corp. shall be authorized and empowered to conduct the business \* \* \* of loaning money upon real estate and personal property and upon collateral and personal securities at a rate of interest not exceeding that allowed by law; provided, that no bank organized under this act shall loan more than 50% of its securities upon real estate, and no such bank shall make a loan on real estate of an amount greater than 50% of the reasonable cash value thereof; also of buying, selling and discounting negotiable and non-negotiable paper of all kinds as well as all kinds of commercial paper.

Sec. 7. \* \* \* whenever the reserve of a bank, \* \* \* shall fall below 25% of the demand deposits, then such bank shall not make any new loans or discounts until it shall, by collections, restore its lawful reserve. \* \* \*

Sec. 42, Ch. 15, Acts 31st Leg. Any director of a State bank or B'k'g. and Tr. Co. incorporated under the laws of this State, who shall either directly or indirectly borrow any of the funds of such bank in excess of 10% of its capital and surplus without the consent of a majority of the directors of the bank first having been obtained and made a matter of record at a regular meeting of the board, or without the written consent of such majority of the directors other than the borrowers being jointly executed by them and filed in the archives of such bank before the loan is made, and any officer of a State bank who shall knowingly become indebted to such bank, directly or indirectly, in any sum whatever, without the consent of a majority of the board other than the borrower, obtained or recorded, or filed in like manner, and any officer or

director of such bank who shall knowingly loan or assent to the loaning of any of its funds to any officer, or any of its funds to any director, in excess of 10% of its capital and surplus without such consent being first obtained and recorded or filed, or who shall knowingly permit any such officer or director to become indebted to the bank or liable to it without such consent, shall be deemed guilty of a felony and shall be punished by imprisonment in the State penitentiary for a term of not less than 2 years, upon conviction thereof.

Sec. 13, Ch. 15, Acts 31st Leg. \* \* \* All banks or banking and Tr. Cos. establishing or maintaining a Savs. Dept. or using the word "savings" \* \* \* shall keep all moneys received as such savings deposits and the funds and securities in which the same may be invested, at all times segregated from and unmingled with the other moneys and funds of the bank or banking and Tr. Co., and may invest not more than 85% of the total amount of such savings deposits in any of the following classes of securities, and not otherwise, to wit:

1. In bonds or interest-bearing notes or obligations of the U. S. or of those for which the faith of the U. S. is pledged for the payment of principal and interest.

2. In bonds of any city, county, town or Sch. Dist. or other Subdiv. of this State, now organized or which may hereafter be organized, and which is now or may hereafter be authorized to issue bonds under the Constitution and laws of this State, which has not defaulted in the payment of any part of either principal or interest thereof, within 5 years previous to making such investments.

3. In bonds of the State of Texas or of any State of the Union that has not within the last 5 years previous to making such investment defaulted in the payment of any part of either principal or interest thereof.

4. In the 1st Mtg. bonds of any steam or electric R. R., the income of which is sufficient to pay all operating expenses and fixed charges, which has its domicile in the State.

5. In bonds or notes secured by 1st Mtg., deed of trust or other valid lien on unincumbered improved real estate to run for a term of not longer than 10 years, situated in the State, worth at least twice the amount loaned thereon, such bond or notes to be always accompanied by a complete abstract of title to the property mortgaged and an attorney's certificate or title Ins. policy in some Co. incorporated under the laws of this State, certifying said bonds or notes to be the first lien on the land mortgaged.

It shall be the duty of the directors of such bank or banking and Tr. Co., as soon as practicable, to invest the moneys and funds of such Savs. Dept., by purchase or otherwise, in the securities above described, and from time to time to sell and reinvest the proceeds of such investments, but for the purpose of meeting current demands in excess of the receipt, any of the securities may be sold, or taken up and replaced in cash by the bank or banking and Tr. Co. out of its general fund, and there shall be kept on hand at all times not less than 15% of the whole amount of such deposits in actual cash, in such Savs. Dept. \* \* \*

\* \* \* It shall be unlawful for any director or officer of any bank or banking and Tr. Co. which shall establish or maintain or continue to maintain a Savs. Dept. or which shall use the word "savings" \* \* \* to borrow any of the funds belonging to such Savs. Dept., or to in any way be an obligor for moneys loaned by or borrowed of such Savs. Dept., or to receive or accept, directly or indirectly any commission, brokerage or other valuable thing or favor of any kind by reason or on account of any loan or investment made out of the funds of such Savs. Dept., or to sell to such Savs. Dept. any security or other investment, or wilfully and knowingly do or perform any act or transaction by or as a result of which at any time the assets of such Savs. Dept., including cash, shall not at least equal in amount the deposits in such Savs. Dept., at least 15% of



which shall be actual cash in such Savs. Dept.  
\* \* \*

Sec. 58, Ch. 10, Acts 29th Leg. The directors of banks and Tr. Co's. created under this act shall have power of investing the moneys placed in their charge in loans secured by real estate or other sufficient collateral security, in public bonds of the U. S. or of this State, in the bonds of any incorporated city, or county, or independent Sch. Dist. in this State. Such Corp. shall own only such real estate as may be required for the transaction of their business, and such as they may acquire in the enforcement and collection of debts or liabilities to them, which lands so acquired by any such Corp. shall be alienated by it within 5 years after its acquisition to some one not interested directly or indirectly in said Co. \* \* \*

Sec. 28, Ch. 15, Acts 31st Leg. \* \* \* it shall be unlawful for any State bank or Tr. Co. to own more than 10% of the capital stock of any other Bkg. Corp., or to make a loan, secured by the stock of any other Bkg. Corp., if by the making of such loan the total stock of such other Bkg. Corp. held by it as collateral will exceed in the aggregate 10% of the capital stock of such other Bkg. Corp. unless the ownership or the taking of a greater percentage of such capital stock as collateral shall be necessary to prevent loss upon a debt previously contracted in good faith, and any such excess so taken as collateral or owned by such State bank shall not be held as collateral nor owned by it for a longer period than 6 months.

Sec. 36. No State bank\* shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent a loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within 6 months from the time of its purchase, be sold or disposed of at pub-

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\* The Dept. of Ins. and B'k'g. construes "State Banks," in this Sec., to mean all classes of State B'k'g. Corps.

lic or private sale, or, in default thereof, such State bank shall be considered to have its capital stock impaired to the extent of the par value of such shares.

Sec. 48. It shall be unlawful for any State bank or Bkg. and Tr. Co. in this State to directly or indirectly loan to the Com. of Ins. and Bkg. or any other person interested in or employed by the Dept. of Ins. and Bkg. \* \* \*

### TRUST COMPANIES.

Sec. 8, Ch. 10, Acts 29th Leg. Any 5 or more persons \* \* \* who shall have associated themselves \* \* \* as provided by law for the purpose of establishing a banking and trust company, may be incorporated under any name or title designating such business. Trust Company wherever appearing in the following sections of this act, is intended to mean Banking and Trust Company, \* \* \*

Sec. 11. Corps. may be created \* \* \* for the purpose of establishing a bank of deposit and discount, or both of deposit and discount, with the powers set out in Sec. 3 of this act, and any one or more of the following purposes:

\* \* \* (2) To receive deposits or trust moneys, securities and other personal property from any person or Corp., and to loan money on real or personal securities.

(3) To lease, hold, purchase and convey any and all real property necessary in the transaction of its business, or which it shall acquire in satisfaction or partial satisfaction of debts due the Corp., under sales, judgments or mortgages, or in settlement or partial settlement of debts due the Corp. by any of its debtors.

Which shall be alienated in good faith to some person other than some one interested in the Co., within 5 years from the date of its acquisition.

\* \* \* (9) To purchase, invest in, guarantee and sell stocks, bills of exchange, bonds and mortgages and other securities; and when

moneys, or securities for moneys, are borrowed or received on deposit, or for investment, the bonds or obligations of the Co. may be given therefor; \* \* \*

NOTE.— Bank and Tr. Cos., not exercising banking privileges, may loan more than 50% of its securities on real estate, and may guarantee the payment of notes in excess of the amount it may loan to one person. (Opinion of Att. Gen's Dept.)

Everything under State Banks of Deposit and Discount applies to Trust Companies.

### SAVINGS BANKS.\*

Sec. 17, Ch. 10, Acts 29th Leg. All sums so received, except those held as bailee, for safe keeping and storage only, and the income derived therefrom, and all moneys intrusted to any such corporation by order of court shall be invested as follows:

(1) In bonds or interest bearing notes or obligations of the U. S., or of those for which the faith of the U. S. is pledged for the payment of principal and interest.

(2) In bonds of the State of Texas, or of any State in the Union that has not, within the last 5 years previous to making such investments, defaulted in the payment of any part of either principal or interest thereof.

(3) In bonds of any city, county, town or Sch. Dist. of this State, which has not defaulted in the payment of any part of either principal or interest thereof, within 5 years previous to making such investments.

(4) In the 1st Mtg. bonds of any steam

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\* "We have no Sav. Bank Corps. incorporated under this law and have never had \* \* \* but provision is made under Sec. 13, so that any State Bank, any B'k'g. & Tr. Co., or any Tr. Co., incorporated under the provisions of that law, may establish and maintain a 'Sav. Dept.' entirely separate from its general commercial business, upon the plan therein outlined, which will explain why there are no 'Sav. Banks', proper in this State, because the same end can be reached by conducting a 'Sav. Dept.', and the restrictions are not so great." Commissioner for the Dept. of Ins. and B'k'g.

R. R., the income of which is sufficient to pay all operating expenses and fixed charges, which has its domicile in the State.

(5) In bonds or notes secured by 1st Mtg. or deed of trust on unincumbered real estate, worth at least twice the amount loaned thereon. But the mortgage investment of such Corp. shall not exceed 60% of its total assets.

(6) In real estate sufficient to reasonably furnish a domicile for such Corp., and no more.

Sec. 18. It shall be the duty of the directors of any such Savs. bank, as soon as practicable, to invest such fund of money, by purchase or otherwise in the securities mentioned in Sec. 17 of this act, and from time [to time] to sell and reinvest the proceeds of such investments, but for the purpose of meeting current demands and expenses in excess of the receipts any of the securities may be sold or pledged; and there shall be kept an available cash fund of not less than 15% of the whole amount of its assets, and the same or any part thereof may be kept on hand or on deposit, payable on demand, in any bank or banking Asso. of the State of Tex., or under the laws of the U. S., approved by the Supt. of Bkg., and having a paid up capital stock of \$50,000, or more, but the deposits in any one bank or Tr. Co. shall not exceed 20% of the total deposits, capital and surplus of such Sav. Bank.

Sec. 20. It shall be lawful for any Sav. Bank to purchase, hold, sell and convey real estate, as follows:

(1) The house and lot on which is the domicile of such Corp., and from portions of which, not required for its own use, any revenue may be derived, not to exceed in value 20% of the capital of such Asso.

(2) Such as shall be purchased by it at sales upon foreclosure of Mtgs. or deeds of trust owned by such Corps., or upon judgments or decrees rendered for debts due to it, or purchased or taken in settlement to secure such debts, and all such interests shall be sold by such Corp. within 5 years after the same shall be vested in it, unless the Supt. shall extend



the time within which such sale shall be made. If [No] such Corp., or any person acting in its behalf, shall negotiate, take or receive a fee, brokerage, commission or gift or other consideration, for or on account of the loan made by and in behalf of such Corp., other than appears on the face of the note or contract by which such loan purports to be made. But nothing contained herein shall apply to any reasonable charges for services in the examination of title, and the preparation of conveyance to such Corp. as security for its loan. All sums paid for services, fees, or otherwise, to a member of the board of directors shall be reported in detail at each regular meeting of the directors. All applications for loans shall be made in writing through the treasurer of the Corp., who shall keep a record thereof, showing the date, name of applicant, amount asked for and security offered, and shall cause the same to be presented to the board of directors, but at the sale of said lands, real estate, said Corp. shall not repurchase said real estate directly or indirectly; nor shall any officer, director or person holding stock in said Corp. be a purchaser of said real estate for the use of the Corp.

Sec. 22. \* \* \* no director or officer of such Corp. shall, directly or indirectly for himself, or as an agent or partner of others, borrow any of the funds of the Corp., or funds in its custody, or in any manner use the same, except to make necessary current payments for the Corps., or to make investments, or to deposit for safety, under the direction and authority of the board of directors; nor shall any director or officer of such Corp. be an indorser or surety, or in any way be an obligor for moneys loaned by or borrowed of the Corp. \* \* \*

See also Sec. 7 under State Banks of Deposit and Discount.





Municipal Law in *red*.  
 Railroad Law in *green*.

Street Railway Law in  
*brown*.  
 Other matter in *black*.

## VERMONT.

Corrected to and including 1912-1913 Session.

### SAVINGS BANKS.

SEC. 8. The assets of banks shall be invested as follows:

1st. In 1st Mtgs. of unencumbered real estate, not to exceed in each case 60% of the value of such real estate, if located in Vt., and not to exceed 50% of the value of such real estate if located elsewhere. Not less than 1-6th of the amount of such Mtgs. shall be upon real estate in this state, treating Mtgs. made on lands in an adjoining state within 20 miles of the Bk. making such loan as Vt. Mtg. loans, and not more than 80% of the amount of the assets shall be invested in Mtgs. of real estate; PROVIDED that not exceeding 60% of the amount of such assets may be invested in Mtgs. of real estate outside of this state. No investment shall be made on Mtgs. of real estate outside of Vt. which is unimproved and unproductive and the amount of such investments on Mtgs. in Vt. shall not be more than 40% of the value thereof. No Bk. shall loan to any person, partnership, association, or corporation upon real estate Mtg. (treating loans to the individual members of a partnership as loans to the partnership) more than \$30,000, and in addition thereto 1% of the deposits of such Bk. in excess of \$1,000,000. No Mtg. investment shall be made except upon the written approval of at least 3 trustees of the Bd. of Inv., who shall certify in writing according to their best judgment the value of the premises mortgaged or to be mortgaged. At the expiration of every Mtg. loan made for a period of 5 yrs or more, such loan shall not be extended or renewed unless 3 members of the Bd. of Inv. certify in writing the value in their best judgment of the mortgaged premises and unless such value meets the requirements above prescribed.



When buildings are included in the valuation of real estate upon which an investment is made, they shall be insured by the mortgagor in such Co. as the trustees or Bd. of Inv. direct, and the policies of Ins. shall be duly assigned, or the loss made payable to such Bk., and such Bk. may renew such policy of Ins. in the same or in another Co., as said trustees or Bd. of Inv. elect, from yr. to yr., or for a longer or shorter period, if the mortgagor neglects so to do; and, when necessary, the treasurer may sign premium notes, and may charge the amount paid for such Ins. to the mortgagor.

2d. (a) In the public funds of the U. S. or any of the states or the Dist. of Col. or in public funds for the payment of principal and interest of which the faith of the U. S. is pledged.

(b) In the bonds or notes of counties, cities, towns, villages, sch. dists. and water dists. of the New Eng. States and of any incorporated dist. in Vt. having the right to levy taxes in payment of its debt.

(c) In the bonds or notes of towns, cities and sch. dists., having a population according to the last preceding U. S. or state census of at least 1,000 and a debt not exceeding 5% of the last preceding valuation for the assessment of taxes in N. Y., Penn., Ohio, Mich., Ill., Ind., Iowa, Wis. and Minn.

(d) In the bonds or notes of towns, cities and sch. dists. having a population according to the last preceding U. S. or state census of at least 7,000 and a debt not exceeding 5% of the last preceding valuation for the assessment of taxes in N. J., Kans., Neb., N. D., S. D., Mo., Ore., Wash. and Cali.

(e) In the bonds of counties having a population, according to the last preceding U. S. or state census, of at least 50,000 and a debt of not exceeding 3% of the last preceding valuation for the assessment of taxes, and in the bonds or notes of cities and sch. dists. having a population, according to the last preceding U. S. or state census, of at least

50,000 and a debt not exceeding 5% of the last preceding valuation for the assessment of taxes, in any of the states above named and in Colo., Del., Geo., Md., Okl., Tex., Utah and W. Va.

(f) In the bonds or notes of a city in any of the states above named having a population according to the last preceding U. S. or state census of at least 100,000 and a debt not exceeding 7% of the last preceding valuation for the assessment of taxes.

(g) In the bonds or notes of a city in any of the states above named having a population according to the last preceding U. S. or state census of at least 200,000.

In subdivs. (c) and (d) the word "debt" shall mean the gross debt less debts created in anticipation of taxes to be paid within 1 year and the amount of any sinking funds available for the payment of such debt; and in subdivs. (e) and (f) the word "debt" shall mean the gross debt, less debts created in anticipation of taxes to be paid within 1 year, the amount of any sinking funds available for the payment of such debt and debts created for supplying the inhabitants of the municipality with water.

The foregoing does not authorize investments in R. R. aid bonds (except such as are issued by municipalities in the state of Vt.) or in bonds which are not direct obligations of a municipality or in bonds of municipalities which have within 20 yrs. repudiated or compromised the payment of any debt or defaulted for more than 90 days in the payment of any debt, and the purchase of such securities is hereby prohibited.

3d. (a) In the notes or bonds of a R. R. Corp. incorporated under the laws of Vt., irrespective of the length of such road, or the motive power thereof, when issued in accordance with the laws of this state and in compliance with the provisions hereinafter set forth relating to bonds of New Eng. R. Rs.

(b) In the bonds or assumed bonds of a R. R. Corp. incorporated in any of the New

Eng. States, at least  $\frac{1}{2}$  of the R. R. of which is located in said states, whether such corporation is in possession of and is operating its own road or is leased to another R. R. Corp.; PROVIDED, either that such bonds shall be secured by a 1st Mtg. of the whole or a part of the R. R. and R. R. property of such Corp., or by a refunding Mtg. as described in paragraphs (3) or (4) of subdiv. (g) or that if the R. R. and R. R. property of such Corp. are unencumbered by Mtg. such bonds shall be issued under the authority of 1 of said states which provides by law that no such R. R. Corp. which has issued bonds shall subsequently execute a Mtg. upon its road, equipment and franchise, or upon any of its real or personal property, without including in and securing by such Mtg. all bonds previously issued and all its pre-existing debts and liabilities, which provision, so enacted in such state, shall have been accepted by the stockholders of such corporation; and PROVIDED, that such corporation has paid in dividends in cash an amount equal to not less than 4% per annum on all its outstanding issues of capital stock in each fiscal yr. for the 5 yrs next preceding such investment.

(c) In the 1st Mtg. bonds or assumed 1st Mtg. bonds or in the bonds secured by a refunding Mtg. as described in paragraphs (3) or (4) of subdiv. (g) of a R. R. Corp. incorporated in any of the New Eng. States, the R. R. of which is located wholly or in part therein, which have been guaranteed as to principal and interest by a R. R. Corp., described in subdivs. (a) or (b) which is in possession of and is operating its own road;

(d) No bond shall be made a legal investment by subdiv. (b) unless the Corp. which issued or assumed such bond has, during its fiscal yr. next preceding the date of such investment, paid in dividends on its capital stock an amount equal to  $\frac{1}{3}$ rd of the total amount of interest paid on all its direct and assumed funded debt.

No bond shall be made a legal investment by subdiv. (c) unless the Corp. which guaranteed such bond has, during its fiscal yr. next preceding such investment, paid in dividends on its capital stock an amount equal to  $\frac{1}{3}$ rd of the total amount of interest paid on all its direct, assumed and guaranteed funded debt.

No bond shall be made a legal investment by subdiv. (b) or (c) unless the Corp. owns in fee not less than 100 miles of standard gauge R. R. (exclusive of sidings) within the U. S.

(e) In the Mtg. bonds, as described in any of the following subdivs. of this clause, of any R. R. Corp. incorporated under the laws of any of the U. S.:

PROVIDED, that during each of the 10 fiscal yrs. of such R. R. Corp. next preceding the date of such investment,—

(1) Such R. R. Corp. owned in fee not less than 500 miles of standard gauge R. R., exclusive of sidings, within the U. S., or, if such Corp. owned in fee less than 500 miles of such R. R., the gross earnings of such Corp., reckoned as hereinafter provided, shall have been not less than \$15,000,000;

(2) Such R. R. Corp. shall have paid the matured principal and interest of all its Mtg. debt;

(3) Such R. R. Corp. shall have paid in dividends in cash to its stockholders an amount equal to at least 4% upon all its outstanding capital stock;

(4) The gross earnings from the operation of the property of such R. R. Corp., including therein the gross earnings of all R. Rs. leased and operated or controlled and operated by said Corp., and the gross earnings from the sale of coal from mines owned or controlled by it, shall not have been less in amount than 5 times the amount necessary to pay the interest payable upon its entire outstanding debt, the rentals of all leased lines, and the interest on all the outstanding debt of R. Rs. controlled and operated which is



not owned by said Corp. after deducting from said interest and rentals interest and dividends received from the stocks, bonds or notes of R. R. Corps. not operated by said Corp., which have been deposited with a trustee as the only security to secure the payment of bonds or notes issued by said Corp., but not in excess of the interest on said last-named bonds or notes;

And FURTHER PROVIDED, that,—

(5) No bonds shall be made a legal investment by subdiv. (g) in case the Mtg. securing the same shall authorize a total issue of bonds which, together with all outstanding prior debts of the issuing or assuming Corp., including all bonds not issued that may legally be issued under any of its prior Mtgs. or of its assumed prior Mtgs., after deducting therefrom, in case of a refunding Mtg., the bonds reserved under the provisions of said Mtg. to retire prior lien debts at maturity, shall exceed 3 times the outstanding capital stock of said Corp. at the date of such investment;

(6) No bonds shall be made a legal investment by subdiv. (i) or (j) in case the Mtg. securing the same shall authorize a total issue of bonds which, added to the total debt of the guaranteeing Corp. as defined in paragraph 5, including therein the authorized amount of all previously guaranteed bonds issues, shall exceed 3 times the capital stock of such guaranteeing Corp. outstanding at the date of such investment; nor in case at said date the total debt of the Corp. which issued said bonds shall exceed 3 times its outstanding capital stock;

In the case of a Mtg. executed prior to the passage of this act, under which the total amount of bonds which may be issued is not specifically stated, the amount of bonds outstanding thereunder at the date of such investment shall be considered, for the purposes of paragraph 5 and of this paragraph, as the total authorized issue.

(f) Whenever the term "first mortgage" is used in the following subdivs., it shall

mean, unless otherwise qualified, a 1st Mtg. on not less than 75% of the R. R. owned in fee at the date of the Mtg. by the R. R. Corp. on the R. R. of which said mortgage is a lien, but in no case on less than 100 continuous miles of standard gauge R. R., exclusive of sidings; PROVIDED, that,—

75% of the R. R. subject to the lien of said Mtg. is connected;

For 5 yrs prior to the date of investment therein all the R. R. subject to the lien of said Mtg. at the date of execution thereof has been operated by, and its operations included in, the operations of the R. R. Corp. which issues, assumes or guarantees said bonds;

The date of said Mtg. is at least 5 yrs. prior to the date of such investment; except that a 1st Mtg. given in substitution for and not greater in amount than such a 1st Mtg., and covering the same R. R. property, shall be considered to be in accordance with this requirement.

(g) Bonds issued or assumed by a R. R. Corp. described in subdiv. (e) which are secured by a Mtg. which was at the date thereof or is at the date of such investment:

(1) A 1st Mtg. on a R. R. owned in fee by the Corp. issuing or assuming said bonds except that, if it is not a 1st Mtg. on 75% of all such R. R. owned in fee by said Corp., it shall be a 1st Mtg. on at least 75% of the R. R. subject to the lien of said Mtg. at the date thereof; but if any stocks or bonds are deposited with the trustee of said Mtg. as part security therefor, representing or covering R. R. mileage not owned in fee, the bonds secured by said Mtg. shall not become legal investments unless said Corp. owns in fee at least 75% of the total mileage which is subject to the lien of said Mtg. and which is represented or covered by said stocks or bonds;

(2) A 1st Mtg., or a Mtg. or trust indenture which is in effect a 1st Mtg. upon all the R. R. subject to the lien of said Mtg. or trust indenture by virtue of the irrevocable pledge with the trustee thereof of an entire issue

or issues of bonds which are a 1st lien, upon the R. R. of a R. R. Corp. which is owned and operated, controlled and operated or leased and operated by the Corp. issuing or assuming said bonds;

(3) A refunding Mtg. which covers at least 75% of the R. R. owned in fee by said Corp. at the date of said Mtg. and provides for the retirement of all outstanding Mtg. debts which are a prior lien upon said R. R. owned in fee and covered by said refunding Mtg. at the date thereof; but if any of the bonds which said refunding Mtg. is given to refund are secured on a R. R. not owned in fee by the Corp. executing said refunding Mtg., there shall be conveyed and assigned to the trustee of said refunding Mtg. either

At least 75% of the R. R. on which each issue of bonds to be refunded is secured, free from any Mtg. lien except that of the Mtg. or Mtgs. securing the bonds to be refunded, or

At least 75% of the outstanding bonds of each issue which is secured by a Mtg. lien upon such R. R.; and all of said R. R. not owned in fee which is so subjected to the lien of said refunding Mtg. shall be the R. R. of one or more R. R. Corps. which are owned and operated, controlled and operated, or leased and operated by the Corp. issuing or assuming said refunding Mtg. bonds; but in no case shall the bonds secured by said refunding Mtg. become a legal investment unless they mature at a later date than any bonds which said refunding Mtg. is given to refund, nor unless the total mileage subjected to the lien of said refunding Mtg. in accordance with the requirements of this paragraph is at least 25% greater than the mileage covered by any 1 of the Mtgs. securing bonds which said refunding Mtg. is given to refund.

(4) A Mtg. upon not less than 10% of the R. R. exclusive of sidings, owned in fee at the date of said Mtg. by the corporation issuing or assuming said bonds, but in no case

on less than 500 continuous miles of standard gauge R. R.: PROVIDED, that,—

Said Mtg. is a 1st or 2d lien upon not less than 75% of the total R. R. covered by said Mtg. at the date thereof, and which provides for the retirement of all Mtg. debts which are a prior lien upon said R. R. owned in fee and covered by said Mtg., at the date of the execution thereof;

The bonds secured by said Mtg. mature at a later date than, and cover a mileage at least 25% greater than is covered by, any of the bonds secured by a prior lien Mtg. so to be retired;

The date of said Mtg. shall be at least 5 yrs. prior to the date of such investment.

(h) Mtg. bonds or bonds secured by Mtg. bonds which are a direct obligation of, or which have been assumed, or which have been guaranteed by endorsement as to both principal and interest, by a R. R. Corp whose refunding Mtg. bonds are made a legal investment under paragraphs (3) or (4) of subdiv. (g): PROVIDED, that:

Said bonds are prior to and are to be refunded by such refunding Mtg.;

Said refunding Mtg. covers all the real property upon which the Mtg. securing said underlying bonds is a lien;

In the case of bonds so guaranteed or assumed the Corp. issuing said bonds is owned and operated, controlled and operated, or leased and operated, by said R. R. Corp.

(i) Bonds which have been guaranteed by endorsement as to both principal and interest by a R. R. Corp. which has complied with all the provisions of subdiv. (e): PROVIDED, that,—

Said bonds are secured by a 1st Mtg. on the R. R. of a R. R. Corp. which is owned and operated, controlled and operated, or leased and operated, by the Corp. guaranteeing said bonds;

In the case of a leased R. R., the entire capital stock of which, except shares qualifying directors, is not owned by the lessee, the rental includes an amount to be paid to



the stockholders of said leased R. R. equal to at least 4% per annum upon that portion of the entire capital stock thereof outstanding which is not owned by the lessee.

(j) 1st Mtg. bonds of a R. R. Corp. which during each of its 10 fiscal yrs. next preceding the date of such investment, has complied with all the requirements of paragraphs (2), (3) and (4) of subdiv. (e) PROVIDED that said bonds are guaranteed by endorsement as to both principal and interest by a R. R. Corp. which has complied with all the requirements of subdiv. (e) preceding paragraph (5), notwithstanding that the R. R. of said issuing Corp. is not operated by said guaranteeing Corp.

(k) Bonds which have been or shall become legal investments under any of the provisions of this act shall not be rendered illegal although the Corp. issuing, assuming or guaranteeing such bonds shall fail for a period not exceeding 2 successive fiscal yrs. to comply with the requirements of paragraph (4) of subdiv. (e); but no further investment in the bonds issued, assumed or guaranteed by said Corp. shall be made during said period. If, after the expiration of said period, said Corp. complies for the following fiscal yr. with all the requirements of subdiv. (e), it shall be regarded as having complied therewith during said period.

(l) Bonds which have been or shall become legal investments under any of the provisions of this act shall not be rendered illegal, although the property upon which they are secured has been or shall be conveyed to or legally acquired by another R. R. Corp., and although the Corp. which issued or assumed said bonds has been or shall be consolidated with another R. R. Corp., if the consolidated or purchasing Corp. shall assume the payment of said bonds and so long as it shall continue to pay regularly interest or dividends, or both, upon the securities issued against, in exchange for, or to acquire the stock of the Corp. consolidated, or the property purchased,

or upon securities subsequently issued in exchange or substitution therefor, to an amount at least equal to 4% per annum upon the capital stock, outstanding at the time of such consolidation or purchase, of said Corp. which issued or assumed said bonds.

(m) If a R. R. Corp. which has complied with all the requirements of subdiv. (e) preceding paragraph 5, except that the period of compliance is less than 10, but not less than 5 successive yrs., shall be, or shall have been, thereupon consolidated or merged with, or its R. R. purchased and all of the debts of such Corp. assumed by, another R. R. Corp. incorporated under the laws of any of the U. S., such Corp. so succeeding shall be considered as having complied with all the provisions of subdiv. (e) preceding paragraph 5 during those successive yrs. next preceding the date of such consolidation, merger or purchase in which all said consolidated, merged or purchased Corps., if considered as 1 continuous Corp. in ownership and possession, would have so complied: PROVIDED, that said succeeding Corp. shall continue so to comply for a further period which shall make such compliance equivalent to at least 10 successive yrs., but which shall be in no case less than the 2 fiscal yrs. next following said consolidation, merger or purchase.

4th. (a) In the stock of any Nat. Bk. in the New Eng. States and the State of N. Y.; in the stock of any Banking Asso. or Tr. Co. incorporated under the authority of and located in this state; but no Bk. shall hold Bk. stock both by way of investment and as security for loans in excess of 10% of its deposits, nor, in any 1 Bk., more than 5% of its deposits or more than \$35,000, or more than 10% of the capital stock of any 1 Bk.

5th. In loans or renewals of loans of the class hereinafter described, payable and to be paid or renewed at a time not exceeding 1 yr. from the date thereof, but not more than  $\frac{1}{3}$ rd of the assets of a Bk. shall be so in-

vested; nor shall a Bk. loan to any person, partnership, association or corporation upon personal security (treating loans to the individual members of a partnership as loans to the partnership) more than \$10,000 until a Bk.'s deposits amount to \$1,000,000, after which the sums so loaned may be increased 1% of the deposits in excess of \$1,000,000 up to, but not exceeding, \$50,000, or (in cases where 10% of the capital and surplus exceed \$50,000) up to, but not exceeding 10% of the capital, if any, and surplus; but this limitation shall not apply to the purchase of **municipal** or **R. R. bonds**, or to notes with such bonds as collateral.

(a) A note bearing as makers, sureties or endorsers the signatures of at least 2 approved names of residents of this state, or of persons who reside within 50 miles of the Bk. making the loan.

(b) A note or accepted draft given by individuals, firms or corporations residing without the state, for goods manufactured within the state and payable to individuals, firms or corporations located within the state and endorsed by at least 1 responsible citizen of the state.

(c) A note of a corporation incorporated by this state with 1 or more substantial sureties resident in the state.

(d) A note of a responsible borrower with a pledge as collateral, in such form as the Bk. Commissioner shall approve of.

(1) 1 or more 1st Mtgs. of real estate such as might be lawfully purchased by a Bk., as in cases of Mtgs. bought by the Bk., and that the amount of such note is not in excess of the amount which the Bk. might loan on a note secured by Mtg. on said land.

(2) Municipal bonds in which the Bk. might legally invest at no more than 90% of their market value; R. R. bonds in which the Bk. might legally invest at no more than 80% of their market value; and Bk. stocks

in which the Bk. might legally invest at no more than 80% of their market value.

(3) Deposit books or certificates of deposit of depositors in Bks. of this state, including Nat. Bks., at their full value and in banks of any of the New Eng. States and of N. Y., under state or federal supervision, at no more than 90% of the amount of deposits therein shown, PROVIDED written notice of such assignments has been given to the Bk. carrying the deposit.

6th. 5% of the deposits of a Bk. may be invested in the purchase of a suitable building for the convenient transaction of its business, or a site therefor and the erection or repairs of a building thereon, from portions of which not required for its use a revenue may be derived.

7th. A Bk. may hold real estate acquired by the foreclosure of a Mtg. thereon, owned by or pledged to such Corp., or by purchase at sales made under the provisions of such Mtg., or upon judgment for debts due, or in settlements effected to secure such debts; and such real estate shall be sold by such Corp. as soon as a reasonable price can be obtained therefor and within 5 yrs. after the same is vested in such Corp., except when a majority of the trustees of such Corp. shall make application in writing to the Bk. Commissioner, stating that, in their opinion, the interests of such Corp. require that such real estate be held for a longer period than 5 yrs.; in which event, said Commissioner may extend the time of holding such real estate not to exceed 5 yrs.

8th. A Bk. may hold stocks, bonds, notes or other securities not the subject of legal investment, acquired in settlements effected to secure or adjust loans; but unless the length of time such securities may be held is extended, as provided in the preceding clause, they shall be sold within 5 yrs. after being acquired.

SEC. 33. \* \* \* \* 2-5ths of such reserve may be in U. S. or state bonds or in the bonds



of any city of the U. S. of at least 200,000 inhabitants according to the last preceding U. S. census.

No new loans may be made when a bank's reserve is not in accord with the requirements of this section.

SEC. 54. Nothing in this act shall affect the legality of investments heretofore made or of transactions heretofore had, pursuant to the law in force when such investments were made or transactions had, but the change of such investments for those named in this Chap. shall be made gradually by the sale or redemption of the securities so invested, in such manner as to prevent loss or embarrassment in the business of such Corp., and unnecessary loss or injury to the borrowers upon such securities.

SEC. 60. A trustee or officer of a Sav. Bk. shall not, directly or indirectly, either for himself or as the partner of others, borrow or use its funds or deposits, or sign any note, as surety, upon which any of such deposits are loaned.

#### TRUST COMPANIES.

SEC. 71. No loan shall be made to an officer, director or employee of any Tr. Co. without the written consent of a majority of the directors; and such loan shall not at any one time, directly or indirectly, exceed 5% of the capital stock actually paid in, but the discount of bona fide bills of exchange drawn against existing values, and the discount of commercial or business paper actually owned by such director, officer or employee negotiating the same to an amount not exceeding \$10,000 or a loan upon the pledge of any of the securities which are legal investments and subject to the restrictions thereof to an amount not exceeding the same sum, shall not be prohibited by this section. No loan shall be made by such Corp. upon its own stock as collateral.

Everything under Savings Banks, with the exception of Sec. 60, also applies to Trust Cos.

LIST OF RAILROAD BONDS,  
LEGAL INVESTMENTS

100

VERMONT STATE BANKS

March 1, 1911

The following is a list of railroad bonds held in the custody of the Banking Department, and now legal investments under the provisions of section 8 of Act No. 158 of the Session Laws of 1909 and Act No. 107 of the Session Laws of 1911.

VERMONT.

ATCHISON, TOPEKA & SANTA FE RY.

Atch., Top. & S. Fe Ry.	Gen.	4s	1905
do	East. Div.	4s	1928
do	Trans. Sh. Line	1st	4s 1958
Chi. & St. Louis Ry.	1st	6s	1915
Chi., S. Fe & Cal. Ry.	1st	5s	1937
Hutchinson Southern Ry.	1st	5s	1928
San F. & San Joa. V. Ry.	1st	5s	1940

BALTIMORE & OHIO SYSTEM

Baltimore & Ohio R.R.	Ext.	4s	1935
do	Prior Lien	3½s	1925
do	1st Mtg.	4s	1948
do	S.W. Div.	3½s	1925

BOSTON & MAINE SYSTEM

Ports., G. F. & Con. R.R.		4½s	1937
Conn. & Pass. Rivs. R.R.		4s	1943
Concord & Montreal R.R.	Con.	4s	1920
St. J. & Lk. Champ. R.R.	1st	5s	1944
Wor., Nash. & Roch. R. R.	1st	4s	1930
do	1st	4s	1913
do	1st	4s	1934
do	1st	4s	1935

CENTRAL OF NEW JERSEY SYSTEM

Cent. R.R. of N.J.	Gen.	5s	1987
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CHICAGO & NORTHWESTERN SYSTEM

Chicago & Northw'n Ry.	Gen.	4s & 3½s	1987
do	Sinking Fund	Con.	7s 1915
do	"	Ext.	4s 1925
C'r Rap. & Mo. Riv. R.R.	Mort.	7s	1916
Northw'n Union Ry.	1st	7s	1917
Mil., Lk. Sh. & West'n Ry.	Con.	6s	1921
do	Marshfield Ext.	1st	5s 1922
do	Michigan Div.	1st	6s 1924
do	Ashland Div.	1st	6s 1925
do	Ext. & Imp.	Mort.	5s 1929
Wis Northern R.R.	1st	4s	1931
Winona & St. Peter R.R.	1st	7s	1916
Minn. & Iowa Ry.	1st	3½s	1924
Princet'n & Northw'n Ry.	1st	3½s	1926
Fre., Flk & Mo. Val. R. R.	Con.	6s	1933
Iowa, Minn & No'w'n Ry.	1st	3½s	1935
Sioux City & Pac. R.R.	1st	3½s	1936
Manitowoc, G. B. & N.W. Ry.	1st	3½s	1941

## CHICAGO, BUR. &amp; QUINCY SYSTEM

Chi., Bur. & Quincy R R.	Gen.	4s	1958
do Illinois Div.	Mort.	3½s & 4s	1949
do Iowa Div.	Mort.	4s & 5s	1919
do Denver Ext.		4s	1922
do Nebraska Ext.	Mort.	4s	1927
B. & M. Riv. R.R. in Neb.	Con.	6s	1918
Republican Val. R.R.	Mort.	6s	1919
Tarkio Val. R.R.	1st	7s	1920
Nodaway Val. R.R.	1st	7s	1920

## CHICAGO, MIL. &amp; ST. PAUL SYSTEM

Chi. Mil. & St. Paul Ry.	Gen.	3½s & 4s	1989
do La C. & D. Div.	1st	5s	1919
do Dubuque Div.	1st	6s	1920
do Wis. Val. Div.	1st	6s	1920
do Chi. & P.W. Div.	1st	5s	1921
do Wis. & M. Div.	1st	5s	1921
do Chi. & L. S. Div.	1st	5s	1921
do Chi. & Mo. Riv. Div.	1st	5s	1926
do Terminal	1st	5s	1914
Dak. & Gt. Southern Ry.	1st	5s	1916
Fargo & Southern Ry.	1st	6s	1924
Mil. & North'n Railroad	Ext.	4½s	1913

## CHICAGO, ROCK ISLAND &amp; PACIFIC SYSTEM

Chi., Rock I'd & Pac. R.R.	Mort.	6s	1917
do do Ry.	Gen.	4s	1988

## CHICAGO, ST. PAUL, MINNEAPOLIS &amp; OMAHA SYSTEM

Chi., St. P., M. & O. Ry.	Con.	3½s & 6s	1930
Chi., St. Paul & Minn. Ry.	1st	6s	1918
North Wisconsin Ry.	1st	6s	1930
St. Paul & S'x City R.R.	1st	6s	1919

## DELAWARE &amp; HUDSON SYSTEM

Delaware & Hudson Co.	1st Ref.	4s	1943
do do Canal Co.	1st	7s	1917
Adirondack Ry.	1st	4½s	1912
Sch'rady & Duane's R.R.	1st	6s	1921
Albany & Susqueh's R.R.	Conv't'ble	3½s	1945



## GREAT NORTHERN SYSTEM

Great Northern Ry.	1st & Ref.	4 1/2%	1961
St. Paul, Minn. & M. Ry.	Gen.	4%	1933
do	Gen.	4 1/2%	1933
do	Gen.	6%	1933
do	Montana Ext.	4%	1937
do	Pacific Ext.	4%	1940
East'n Ry. of Minn. N'o Div.		4%	1948
Montana Central Ry.	1st	5%	1937
do	1st	6%	1937
Wilmar & Sioux Falls Ry.	1st	5%	1938
Spok'e Falls & North'o Ry.	1st	6%	1939
Minneapolis Union Ry.	1st	6%	1924
do	1st	5%	1924

## ILLINOIS CENTRAL SYSTEM

Illinois Central R.R.	Ref. Mort.	4%	1955
do	Sterling Ext'd	4%	1951
do	Gold Extended	3 1/2%	1950
do	Sterling	3%	1954
do	Gold	4%	1951
do	Gold	3 1/2%	1951
do	Gold Extended	3 1/2%	1951
do	Springfield Div.	1st	3 1/2%
do	K. & S. W. R. R.	1st	5%
do	Cairo Bridge	1st	4%
do	St. Louis Div.	1st 3% &	3 1/2%
do	Purch'd Lines	1st	3 1/2%
do	Coal'n Trust	1st	3 1/2%

LAKE SHORE & MICHIGAN  
SOUTHERN SYSTEM

L'ke Sh & Mich. So. Ry.	1st Gen.	3 1/2%	1907
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## LOUISVILLE &amp; NASHVILLE SYSTEM

Louisv'e & Nashv'e R.R.	United	4%	1940
do	Gen.	6%	1930
do	1st	5%	1937
do	Trust	5%	1931
Evau., Hend. & Nash. Div.	Sink F'd	6%	1919
Louis. Cin. & Lex. Ry.	Gen.	4 1/2%	1931
Southeast & St. Louis Div.		6%	1921
Mobile & Montgomery		4 1/2%	1945
New Or. & M. Div. \$2,000,000	1st	6%	1930
Pensacola & Atlantic R. R.	1st	6%	1921
Nash. Flor. & Sheffield Ry.	1st	5%	1937

## MAINE CENTRAL SYSTEM

Maine Central Railroad	Col. Tr'st	5s	1923
Maine Central R. R.	Ref. Mort.		1961
Maine Shore Line R.R.		6s	1923
Pen. Shore Line R.R.		4s	1920
Portland Terminal Co.	1st	4s	1961
Port'd & Ogdens'g Ry.		4½s	1928
Somerset Ry.	1st	5s	1917
do	Ref.	4s	1955
Washington County Ry.	1st	3½s	1954

## MICHIGAN CENTRAL SYSTEM

Michigan Cent. R.R.	1st	3½s	1952
Mich. C.—Mich. Air Line R.R.	1st	4s	1940
Mich. C.—Det. & B. C. R.R.	1st	5s	1931
Mich. C.—Jack. L. & Sag. R.R.	1st	3½s	1951

## NEW YORK CENTRAL SYSTEM

N. Y. C. & Hud Riv. R.R.	Mort.	3½s	1907
Peech Creek R.R.	1st	4s	1936
Mohawk & Malone Ry.	1st	1s	1991
B. & A. Railroad	Plain	3½s	1952
do	Plain	4s	1913
do	Plain	3½s	1951
do	Plain	4s	1933
do	Plain	4s	1934
do	Plain	4s	1935
do	Plain	4½s	1937

NEW YORK NEW HAVEN &  
HARTFORD SYSTEM

N. Y., Prov. & Bos. R.R.		4s	1942
Housatonic Railroad	Con.	5s	1937
Danbury & Norwalk R.R.	Con.	6s	1920
do	Con.	5s	1920
Prov. & Springfield R.R.	1st	5s	1922
New H. & Derby R.R.	Con.	5s	1918
N. H. & North'pton R.R.	Ref. Con.	4s	1956
Naugatuck Railroad	1st	4s	1931
Providence Term. Co.	1st	4s	1956

VERMONT.

NEW YORK, NEW HAVEN &  
HARTFORD SYSTEM — *Concluded*

Pawtuxet Val. R.R. . . . .	1st	4s	1925
Bos. & N. Y. Air Line R.R.	1st	4s	1955
New England Railroad . . .	Con.	4s	1945
do . . . . .	Con.	5s	1945
Old Colony Railroad . . . .		4s	1938
do . . . . .		4s	1924
do . . . . .		4s	1925
do . . . . .		3½s	1932

NORTHERN PACIFIC RWY. CO.

Northern Pacific Ry. . . . .	Prior Lien	4s	1907
St. Paul & North. Pac. Ry.		6s	1923
St. Paul & Duluth R. R. . . .	1st	5s	1931
Wash. & Columb. Riv. Ry.	1st	4s	1935

PENNSYLVANIA SYSTEM

Pennsylvania Railroad . . . .	Con.	5s	1919
do . . . . .	Con.	4s	1943
do . . . . .	Con.	3½s	1945
do . . . . .	Con.	4s	1948
Western Penn. Railroad . . . .	Con.	4s	1928
Southwest Penn. Railroad . . .	1st	7s	1917
Phil. & Erie R.R. . . . .	.6s, 5s &	4s	1920
United N. J. R.R. & Ca. Co.	Gen.	4s	1923
do . . . . .	Gen.	4s	1929
do . . . . .	Gen.	4s	1944
do . . . . .	Gen.	4s	1948
do . . . . .	Gen.	3½s	1951
Cleve. & Pittsburgh R.R.	Gen. 4½s &	3½s	1942
do . . . . .		3½s	1948
do . . . . .		3½s	1950
Allegheny Valley Ry. . . . .	Gen.	4s	1942

MISCELLANEOUS NEW ENGLAND  
RAILROADS

New London North'n R. R.	Con.	4s	1910
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BURLINGTON TRACTION CO.

Win. & Bur. Horse R. R. . . .	1st	6s	1914
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Municipal Law in *red*. Other matter in *black*.  
 Railroad Law in *green*. Street Railway bonds not  
 a legal investment.

## WISCONSIN

Corrected to and including 1911 Sess. of Leg.

### STATE BANKS (BANKS OF DISCOUNT AND DEPOSIT).

Chaps. 234 and 429, Laws of 1903, as amended by Chap. 109, Laws of 1905, and as amended Laws of 1911.

SEC. 4. To exercise, by its directors, duly authorized officers, or agents, all such powers as shall be usual in carrying on the business of banking; by buying, discounting and negotiating promissory notes, bonds, drafts, bills of exchange, foreign and domestic and other evidences of debt; by receiving commercial and savings deposits under such regulations as it may establish; by buying and selling coin and bullion, and by buying and selling exchange, foreign and domestic; issuing letters of credit, and by loaning money on personal or real security, as provided hereinafter.

SEC. 14. A Bk. may purchase, hold and convey real estate for the following purposes only:

1st. Such as shall be necessary for the convenient transaction of its business, including with its banking offices other apartments to rent as a source of income. No Bk. shall invest in a banking office, including apartments connected therewith, a sum exceeding 25% of its capital and surplus; provided, that this limitation shall not apply to the present holdings of Bks. now doing business.

2d. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business.

3d. Such as it shall purchase at sale on judgments, decrees, or Mtg. foreclosures

under securities held by it, but a Bk. shall not bid at such sale a larger amount than is necessary to satisfy its debts and costs.

4th. No real estate acquired in the cases contemplated in the 2d and 3d subdivs. preceding, shall be held for a longer time than 5 yrs., except an extension is granted by the Com. of Bkg. If such extension be not granted, it must be sold at a private or public sale within 1 year thereafter. Nothing in this section shall be construed to prevent a Bk. from loaning moneys upon real estate security as provided by law. Real estate shall be conveyed under the corporate seal of the Bk., and the hand of the president or vice-president and cashier or assistant cashier.

SEC. 25. Every Bk. shall keep on hand at all times at least 15% of its total deposits, of which such portion as the board of directors may determine, may be on deposit in Bks. approved by the Com. of Bkg. as reserve Bks.; except in the case of Bks. which shall be approved by the Com. of Bkg. as reserve Bks., which Bks. shall at all times keep on hand at least 25% of their total deposits in lawful money or on deposit in Bks. subject to the approval of the Com. of Bkg., as reserve Bks. Cash items shall not be considered as a part of the reserve of any Bk.

SEC. 27. The total liabilities of any person, co-partnership or corporation, to any Bk., for money borrowed, including in liabilities of the co-partnership, the liabilities of the several members thereof, except special partners, shall at no time exceed 30% of the amount of capital and surplus of such Bk.; but the discounting of bills of exchange drawn in good faith against actually existing values, and the discounting of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed; PROVIDED, that by a  $\frac{2}{3}$ rds vote of the directors, the liabilities of any person, co-partnership or corporation may be increased to a total sum not exceeding 50% of the capital and surplus of such Bk. upon approved security.

SEC. 28. No Bk. shall be the holder of or purchaser of any portion of its capital stock, unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Stocks so purchased shall in no case be held by the Bk. for a longer time than 6 mos. if the stock can be sold for the amount of the claim of the Bk. against the same, and it must be sold for the best price obtainable within 1 year, or it shall be canceled, and shall then amount to a reduction of the capital stock; PROVIDED, that, if such reduction shall reduce the capital stock below the minimum required by law, such capital stock shall be again increased to the amount required by law as provided herein.

No Bk. shall loan any part of its capital, surplus or deposits on the capital stock of its own Bk. as collateral security, nor on the capital stock of any other Bk. as collateral security, if by making such loan, the total stock of such other Bk. held by such loaning Bk. as collateral security will exceed in the aggregate 10% of the capital stock of such other Bk.; PROVIDED, that no loan upon the capital stock of any Bk. shall be made unless such Bk. has been in existence for 2 or more yrs. and has earned and paid a dividend upon its capital stock.

SEC. 29. It shall not be lawful for any Bk. to loan to any of its officers, directors, clerks or employees any of the funds of the Bk. without a responsible endorser or sufficient collateral security, unless the same shall have been authorized, both as to amount and security, by a resolution of the board of directors, to be recorded.

SEC. 30. No Bk. shall lend an amount exceeding 50% of the aggregate of its capital, surplus and deposits upon Mtgs. or any other form of real estate security, except when authorized as to amount, security and location in this and the adjoining states by resolution of  $\frac{2}{3}$ rds of its board of directors, properly entered upon its minutes.



**MUTUAL SAVINGS BANKS (SAVINGS SOCIETIES WITHOUT CAPITAL STOCK).**

Chap. 3 of  
Chap. 234, Laws of 1903.

SEC. 10. No trustee or director of such Mutual Sav. Bk. shall be a borrower, or surety for a borrower, of any of its funds . . .

SEC. 19. It shall be lawful for such Mutual Sav. Bk. to purchase, hold and convey, such real estate as Bks. are authorized by the law of this state to purchase, hold and convey, except that such Mutual Sav. Bk. may purchase or build a building in which to carry on its own business, but shall not invest in the land and building a sum exceeding \$10,000; except upon the consent and approval of the Com. of Bkg.

SEC. 20. Every such Mutual Sav. Bk. shall keep on hand or on deposit in banks approved by the Com. of Bkg. as reserve Bks., at least 5% of its total deposits.

**CHAP. 260, LAWS OF 1911.**

SEC. 1. Any Mutual Sav. Bk. organized hereunder may employ not exceeding  $\frac{1}{2}$  of its deposits in the purchase of bonds of the U. S. or of the states of the U. S. or of the authorized bonds of any incorporated city, village, town or county, or Sch. Dist. in the aforesaid states of the U. S., or of 1st Mtg. bonds of any R. R. Co., which has paid annual dividends of not less than 4% regularly on its entire capital stock for a period of at least 5 yrs. next preceding the investment, and in the consolidated Mtg. bonds of any such Co. issued to retire the entire bonded debt of such Co. All other loans shall be secured by Mtg. on unincumbered real estate lying and being in the state of Wis. and states immediately adjoining the state of Wis., to-wit: Mich., Ill., Iowa and Minn. No Mutual Sav. Bk. shall invest any part of its deposits in the stock of any corporation nor loan on, nor invest in any Mtg. on real estate, except such real estate as lies

in the state of Wis., and states immediately adjoining, to-wit: Mich., Ill., Iowa and Minn. No loan shall be made upon real estate to an amount exceeding 60% of the value thereof as determined upon by not less than a majority of the members of the Finance Com. who shall duly certify to the value of the premises to be mortgaged, according to the best of their judgment, and such report shall be filed and preserved with the records of the corporation.

No such Mutual Sav. Bk. shall loan any money upon any obligation on which only 1 person or firm shall be holden, unless the same be secured by collateral in which the Bk. might invest its funds or on which it might loan its money to the extent authorized in the preceding paragraph.

#### TRUST, ANNUITY, GUARANTY, SAFE DEPOSIT AND SECURITY COMPANIES.

(Statutes of 1898, as amended by Chap. 504,  
Laws of 1905.)

SEC. 1791*e*. As soon as possible and not later than 6 mos. after any such Co. has commenced business, it shall deposit with the state treasurer not less than 50% of the amount of its capital stock nor more than \$100,000; such deposit to be in cash, bonds, or Mtgs., or notes and Mtgs. on unincumbered real estate within this state worth double the amount secured thereby, or public stocks and bonds of the U. S. or of any state of the U. S. that has not defaulted on its principal or interest within 10 yrs., or of any county, town, village or city in this state, and upon all which bonds and other securities there shall have been no default in the payment of interest or principal for a longer period than 30 days; which cash, bonds, Mtgs., or notes and Mtgs. or public stocks or bonds shall be held by the state treasurer in trust as security for the depositors and creditors of said corporation

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and for the faithful execution of any trust which may be lawfully imposed upon and accepted by it; PROVIDED, that the securities comprising such deposit shall first be submitted to the Com. of Bkg. for approval.

SEC. 1791g. . . . Such corporation may loan money upon real estate and collateral security, execute and issue its notes and debentures, payable at a future date, and pledge its Mtgs. on real estate and other securities as security therefor; but nothing herein contained shall be construed as giving it the right to issue bills to circulate as money, buy or sell Bk. exchange or do a banking business.

SEC. 1791h. It shall be lawful for any such corporation to lease, purchase, hold and convey such land as may be necessary to carry on its business and execute any trust committed to it, as well as such real or personal estate as it may deem necessary to acquire in the enforcement or settlement of any claims or demands arising out of its business transactions. . . . The directors thereof shall invest so much of the capital as is required to be deposited in the state treasury and other moneys received by such corporation in trust in bonds secured by Mtgs. or notes and Mtgs. on unincumbered real estate within this state worth double the amount secured thereby, or in public stocks and bonds of the U. S., or any state of the U. S. that has not defaulted on its principal or interest within 10 yrs., or of any county, town, village or city in this state, or in any other such state, duly authorized to be issued, or in such real or personal securities as they may deem proper.







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